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## Senior UPA ministers losing sleep over proposed Food Security Act

Gargi Parsai



*PTI*/Union Minister and NCP chief Sharad Pawar. File photo

The programme to legally provide subsidised foodgrains to beneficiaries under the proposed National Food Security Act is an agenda over which senior ministers of the United Progressive Alliance government are losing sleep and finding it difficult to enforce within the existing public distribution system (PDS) full of loopholes.

Union Finance Minister Pranab Mukherjee on Wednesday said when he thinks of the subsidies to be provided he loses his sleep. The food subsidy bill — when the proposed Act comes into play — is expected to be over Rs. one lakh crore. The Act seeks to provide legal entitlement to subsidised foodgrains to 75 per cent rural and 50 per cent identified urban population.

“As Finance Minister, when I think of the huge subsidies to be provided, I lose my sleep. There is no doubt,” he said here at a conference on ‘Targeted Public Distribution System and Storage’ convened by the Union Food and Public Distribution Ministry. State Food and Agriculture Ministers are attending the two-day conference.

Terming the subsidised food security programme a “gigantic social responsibility”, he said after 65 years of Independence people were not ready to wait and were eager for empowerment through entitlement backed by legal enactment much as the Mahatma Gandhi National Rural Employment Guarantee Act, that had set a benchmark in rural wages.

“The success of the programme will depend on how collectively political and administrative wisdom will rise to the occasion,” Mr. Mukherjee added.

At the same conference, Union Agriculture Minister Sharad Pawar pointed out that it will be difficult to implement the proposed Act under the present system and suggested massive reforms in the PDS.

“I will be failing in my duty if I do not emphasise the fact that the Food Security Act will never succeed in achieving its goal in letter and spirit, if we try to push the same through the existing PDS apparatus,” he said, adding that a massive “process re-engineering” was required to make it work.

The Minister said notwithstanding his reservations about the Food Security Act, his concern was whether the existing mechanism was compatible with the spirit of the Act.

“At this juncture, we have serious limitations on all fronts like capacities of mandis, financial position of State agencies, manpower, quality inspection mechanism, storage and movement. Even at the level of operation, the railways are finding it difficult to handle the movement,” Mr. Pawar said, adding that a massive programme to enhance foodgrains output would require huge investments in irrigation, power and fertilisers.

While admitting that the task was complex, Minister of State for Food and Public Distribution K.V. Thomas said that the conference had been convened so that the Centre and the States could collectively find a roadmap to achieve their common objective.

There were shortcomings in storage capacity, transportation and distribution with minimal wastage and in the coming months, the priority would be to enhance temporary and permanent storage capacity as well as to modernise the system. About 2.2 million tonnes capacity will be added by March.

Food Secretary B.C. Gupta called upon States to “spend time” on modernisation and computerisation of the PDS to stem the scope for leakages and diversion of subsidised foodgrains from the system.

Food Corporation of India Chairman Siraj Hussain emphasised on decentralised procurement from non-traditional states like Assam, Bihar, Jammu and Kashmir, Jharkhand, Uttar Pradesh and West Bengal. Though Orissa, Madhya Pradesh, Chhattisgarh, Kerala, and Tamil Nadu had increased their procurement substantially, a fool-proof system for quality control and correct recording of mandi arrivals was missing in most States.

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## **Maize trail: Coalition for a GM-Free India demands blacklisting of Monsanto**

Staff Reporter

The Coalition for a GM-Free India has demanded that Monsanto be blacklisted in view of the revelations of “illegal” planting of Herbicide Tolerant (HT) maize in its GM maize trial in Karnataka. The revelations came as a response to an RTI application by the Genetic Engineering Appraisal Committee (GEAC).

Speaking at a press conference here on Monday, Kavitha Kuruganti, a member of the Coalition, said that while the agri-business corporation has been caught violating norms repeatedly.

The RTI response revealed that a team led by Pradyumn Kumar of the Directorate of Maize Research (DMR) had noted the violation in its visit report. “Monsanto's GM maize trials have been going on for several seasons now in various locations across the country. It took a rare scientist in one monitoring team to point out the fact that planting of the herbicide-tolerant GM maize took place without permission from competent authorities. What is more damning is that there is no evidence of any discussion or action by the regulators on this finding,” said Ms. Kuruganti.

She also pointed out that this episode was a repetition of Herbicide Tolerant cotton being planted by Monsanto's affiliate, Mahyco, without permission, as well as illegal planting of HT maize in the University of Agricultural Sciences in Dharwad.

### **Demands**

In a letter sent to Minister of State for Environment and Forests Jayanthi Natarajan, Sridhar Radhakrishnan, convener of the Coalition, has demanded inquiry into all GM maize field trials by Monsanto across the country; immediate withdrawal of permission for field trials by Monsanto

and its affiliates till all violation issues are investigated and re-examining the monitoring, evaluation mechanism for field trials.

The Coalition also demanded development of “a robust system for acting upon field trial violations, and put in place norms for timely and serious consideration of such violations and for punitive actions.”

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February 9, 2012

### **Soil fertility management to sustain production**

Agricultural production in India has increased through green renaissance, growing high-yielding varieties of crops and adopting scientifically improved soil fertility management, water management, plant protection and crop husbandry technologies during the past three decades.

#### **Integrated approach**

Because of such integrated approach, we have been able to increase the agricultural production manifold, particularly in case of food grain crops from 50 million tones in 1950 to more than 220 million tonnes, which in turn has ensured near self-sufficiency in food for our ever-growing population.

However, the production has reached a plateau during the past few years for certain obvious reasons.

Although we continue to grow high yielding varieties, we are unable to increase the crop production during the past few years as significantly as we did during the last three decades. Why has it been so?

#### **Maximum potential**

The high-yield cum high-quality varieties of crops can perform to their maximum genetic potentials, only if they are grown in fertile, healthy and productive soils with appropriate water management and crop protection measures.

We must avoid not only under-fertilization but also over or distorted fertilization to realize the full benefits from the crops.

Balanced soil fertility management through integrated nutrient management involving judicious combinations of manures, fertilisers and biofertilisers must be done to ensure normal growth and high productivity of the crops.

Next to soil management is water conservation. We should harvest and conserve the rain water received during the monsoons for farming at commercial scales throughout the year.

### **Future scope**

Scope for extending the area for agriculture is limited due to diversion of more lands every year for non-agricultural purposes. However, we have very good varieties and hybrids with high-yield and high-quality potentials in almost all crops already on hand.

There is not much scope to make further significant break-through in the genetic potentials of the varieties of the crops in near future. So, the only possible scope to maximize crop production with the available varieties is to enhance and sustain the productivity through integrated and balanced soil fertility management practices.

*Dr. K. Kumaraswamy, former Professor Department of Soil Science, TNAU, Coimbatore*

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February 9, 2012

### **Paddy crop records a significant yield with organic inputs**

M.J. PRABU

*400 kgs more than the normal yield was harvested from an acre*



Practical: The harvested grains being winnowed in the field before being weighed.- Photo: B. Velankanni Raj

Given the multitude of problems in agriculture today, getting a substantial yield and a good market pose serious concerns for a farmer, but Mr. R. Kulandaisamy, organic entrepreneur and owner of Tari Biotech, Thanjavur says, “Increasing yield for any crop is not difficult. My newly developed Organic plus and other natural inputs can easily help a farmer increase the yield without spoiling the environment.”

### **Not paper findings**

“My findings are not mere paper theories but practical experiments. I used my inputs in the fields of Mr. S. Ranganathan, General Secretary, Tamil Nadu Cauvery Delta Farmers Welfare Association and Chairman, Centre for Cauvery Delta Development at Perugavazthan village, Mannargudi. We recorded more than two tonnes of paddy from an acre,” he says.

Mr. Ranganathan readily offered 30 acres for this experiment and during the harvest several farmers, district officials, and scientists from Tamil Nadu Agricultural University were invited see the process and results.

### **Good increase**

While the scientists' concern was more on how the yield increased using only organic inputs, the farmers paid attention to the number of gunny bags being filled. In fact after the preliminary introductions and explanations, the eager farmers expressed their astonishment and happiness to learn that the paddy yield recorded a fair increase.

“So far, for the last several years I could harvest 1 to 1.75 tonnes of grains from an acre. But after applying Mr. Kulandaisamy’s inputs I harvested about 2.43 tonnes from an acre. It is 400 kgs more than the usual yield,” says Mr. Ranganathan. In addition he agrees that the cultivation cost also scaled down.

### **First time**

Being a conventional farmer all these years, Mr. Ranganathan’s experience in organic agriculture according to him was not noteworthy. He says that “the media’s role in highlighting the awareness and importance of going organic urged me to try it.”

And he adds that “even now I am sceptical as to how the entire country can afford organic inputs, especially with dwindling land and cattle resources.

“But personally I am convinced and am planning to increase my acreage in the coming years to check whether it is sustainable. I always believe that organic farming is for health, and chemicals for greater production,” he says.

Many farmers who attended the harvest programme wanted the Government must make such practices popular in other areas of the state also.

### **Need of the hour**

“As a farmer in the delta region growing paddy all my life, this is just what I need. Today for an acre of chemicals I need to spend anything between Rs. 2,500 to Rs. 3,000 as input cost alone. In addition, the labour shortage and low price makes it practically impossible for me to break even. But Mr. Kulandaisamy’s input for an acre costs Rs. 800 to Rs. 1,000 and I can hope to save some amount on the input,” says Mr. Ganesan, from Tirukatupalli village.

According to Mr. Kulandaisamy not only paddy but any crop can be grown well using this organic plus input.

“If farmers are able to follow my suggestion dedicatedly then I can assure that their yield can be increased. Those interested can visit my farm, factory at Thanjavur to see and get convinced personally,” he says.

### **University support**

When contacted, the Vice Chancellor of the Tamil Nadu Agricultural University Dr. P. Murugesu Boopathi expressed surprise on the yield increase and promised to help Mr. Kulandaisamy.

“It is the duty of the University and our scientists to motivate such persons,” he says.

Readers can contact Mr. S. Ranganathan on phone at: 04367-252170, mobile: 09442281037, and Mr. Kulandaisamy, website: [www.tarigroup.com](http://www.tarigroup.com), mobiles: 98430-59117 and 98434-39909 to know more.

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February 9, 2012

## India's mangrove cover rises



Substantial: There has been a net rise of 23.34 sq. km in mangrove cover in 2011.— File photo

India recorded a net increase of 23.34 sq. km of mangrove cover between 2009 and 2011, thanks to efforts of one of the most industrialised states, Gujarat, in planting and regenerating the ecosystem rich in biodiversity.

The new biennial assessment report by the Forest Survey of India (FSI) has commended Gujarat's contribution in planting and regenerating the mangroves, a salt tolerant plant community, which harbours a number of critically endangered flora and fauna species. "Compared with 2009 assessment, there has been a net increase of 23.34 sq. km in the mangrove cover of the country. This can be attributed to increased plantations particularly in Gujarat state and regeneration of natural mangrove areas," according to the assessment by the FSI, an arm of Union Environment Ministry. Mangroves in India account for about three per cent of the world's mangrove vegetation. The report says mangrove cover in India is 4,662 sq. km, which is 0.14 per cent of the country's total geographical area. Sundarbans in West Bengal accounts for almost half of the total area under mangroves in the country. The very dense mangrove comprises 1,403 sq. km (30.10 per cent of the total mangrove cover), moderately dense mangrove is 1,658.12 sq. km (35.57 per cent) while open mangroves cover an area of 1,600.44 sq. km (33 per cent).

Mangrove forests are regarded as the most productive wetlands in the world on account of the large quantities of organic and inorganic nutrients released in the coastal waters by these ecosystems.



They also act as nurseries for fin fish, shell fish, crustaceans and molluscs. — PTI

### ***Mangroves in India account for about three per cent of the world's mangrove vegetation***

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#### **Farm query**

#### **Plugging holes**

The stems of our drumstick tree are affected by small earthworm like worms which bore into the stem. Sawdust like material is observed spilling out from the holes. Is there any method to control this worm infestation?

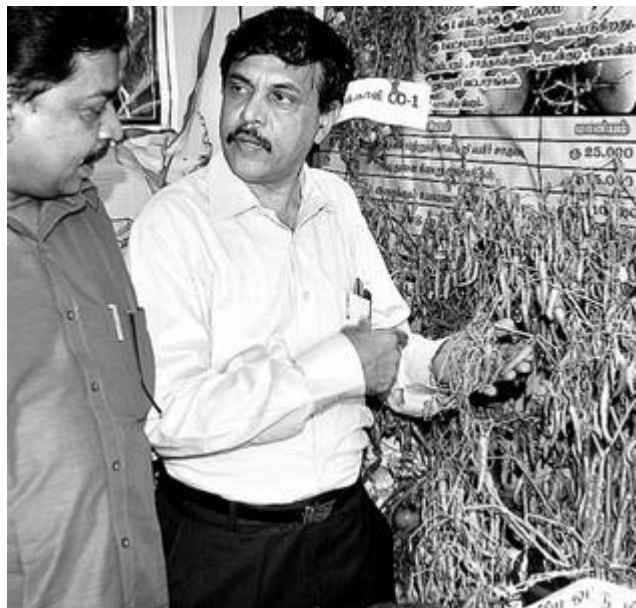
Ramaseshan, *Puducherry*

Plug the hole with a cotton swab (or small cloth) of kerosene oil or any insecticide. You may have to plug a few holes in one go. Plugging will choke the insect.

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TUTICORIN, February 9, 2012

#### **Area under chilli cultivation goes up in Tuticorin district**



Too hot:S. Syed Ahmed Miranji, Deputy Director of Horticulture, explaining the cultivation of chillies in Tuticorin district.Photo : N. Rajesh

: Cultivation of chillies has surpassed the existing record of its average annual growth rate in Tuticorin district. So far, chillies had been raised on 12, 209 hectares in the district in 2011-12. But the annual average growth of chillies is 10, 000 hectares. Since the district had received a good amount of rainfall during the year, productivity of the crop was enhanced, S. Syed Ahmed Miranji, Deputy Director, Department of Horticulture, said here on Tuesday.

In the northeast monsoon, 689 mm of rainfall was received.

To adopt gainful methods of horticulture practices in the interest of farmers, officials in the department carried out extension activities in chilli cultivation after introducing hybrid and high yielding varieties.

Since the chilli farmers had an exposure to increase the yield and fertility of the crop through a new technology, they could achieve the desired results.

“Chilli has been cultivated by means of rain-fed soil and irrigated soil in blocks of Vilathikulam, Pudur and Ottapidaram. Normally sowing of this crop on irrigated soil is done during the third week of August and harvest by the end of March every year. But for rainfed cultivation, sowing commences at the beginning of October and its yield is expected by March.

The crop is being raised on rainfed soil on occasions prior to the northeast monsoon and also after the monsoon season”, Mr. Miranji said.

The farmers had witnessed a yield of about 1,200 to 1,500 kilograms per acre under irrigated cultivation after plucking it 10 times whereas the same crop could yield about 300 kilos to 500 kilos per acre in five spells of plucking on the rainfed soil, he said.

Besides, guidelines were launched to the farmers for adding value to grade their product so as to fetch high price for the raised chilli.

Mostly the farmers had preferred to keep chillies in cold storage and market it whenever demand shoots up. Even during off season, the preserved chillies in cold storage could be marketed at a reasonable price.

Moreover, colour of chillies could be maintained in the meantime of storage and its weight would not be reduced. The horticulture officials had also advised the chilli growing farmers to insure their crop so as to minimise the risk of natural calamities, Mr. Miranji added.

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### **Cattle rescued**

For the second time in a week, 31 heads of cattle that were being transported in trucks to Kerala were rescued. On Tuesday, activists, having received information from the public, chased the truck on GST Road near Chengalpattu and intercepted the vehicle. The driver and another occupant abandoned the truck and fled. Chinni Krishna, Vice Chairman, Animal Welfare Board of India, told *The Hindu* that they chased the truck that nearly ran over their vehicle. In the meantime, they alerted the police control room and a patrol vehicle that was near Guduvanchery rushed to the spot. The cattle, being smuggled into the State were most likely from the border of Orissa and Andhra Pradesh.

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### **Harness technology to protect crops from ravaging diseases**

Special Correspondent

*Programme on 'diagnosis and management of nematode diseases'*



Nip it in the bud: V. Jayabal, Dean, Anbil Dharmalingam Agricultural College and Research Institute of the TNAU, delivering the inaugural address at the three-day farmers training programme in Tiruchi on Wednesday.

Farmers should make use of latest techniques developed by scientists of the Tamil Nadu Agricultural University (TNAU) in protecting crops from the ravages of pests and diseases, said V.Jayabal, Dean, Anbil Dharmalingam Agricultural College and Research Institute of the TNAU here on Wednesday.

Delivering the inaugural address at the three-day farmers training programme on 'diagnosis and management of nematode diseases' organised jointly by the ADAC and RI of the TNAU and the National Agricultural Development Project of the State government here recently, Dr.Jayabal emphasised the impact of nematode diseases on cultivated crops.

The ADAC and RI is organising many such training programmes for the benefit of farming community and the farmers should take advantage of this, he added.

E.I.Jonathan, Director, Centre for Plant Protection Studies, TNAU, Coimbatore, in his special address explained that training is necessary as awareness among the farmers about nematodes causing damage to cultivated crops is very low.

### **Eco-friendly methods**

Unlike insects and disease, where the farmers can identify the organism or damage easily, nematodes and their damage symptoms are difficult to diagnose. He also explained the various eco-friendly methods of nematode management in crops.

R.Chandrasekaran, Deputy Director of Agriculture, explained that the various state and centrally sponsored schemes. R.Pandiarajan, Assistant Director of Agriculture, R.Shanmugam, Assistant Director of Horticulture, G.Gajendran, professor and head, Department of Plant Protection of the college, offered felicitations.

In the training programme, scientists imparted training to diagnose the nematode diseases of various crops and their integrated management to the farmers.

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### **Mettur level**

The water level in the Mettur dam stood at 83.47 feet on Wednesday against its full level of 120 feet. The inflow was 960 cusecs and the discharge, 1,000 cusecs.

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### **Training programme on free milch animal distribution scheme**

An awareness seminar-cum-training programme on the free milch animal distribution scheme was conducted for beneficiaries at Modhagapalli, Kumaramangalam, Eachangal, Poorigamanimitta, Sevadekuppam, Selandhampalli, Karuppanur, Vengayapalli and Belthikamanibenta villages on Friday and Saturday.

C. Alex Jeevadas, Deputy Registrar (Dairying), presided over the training programme. A. Dominic Divyanathan, Deputy General Manager (Field Work), Aavin, and field workers of Aavin conducted the training programme.

Aspects such as augmenting milk production at less cost, animal husbandry, benefits of feeding cattle with fodder, and getting higher price by subjecting milk to testing, were covered during the training programme.

According to a release from the District Information and Public Relations Office, 450 milch cows, at the rate of 50 in each of the above nine villages, were distributed under the scheme. The main objective of the scheme is improving the economy of families belonging to the weaker sections and augmenting milk production. Based on these objectives, new cooperative milk producers' societies were being formed in the above villages and price given to dairy farmers based on the quality of the milk supplied. Payments were being made on a weekly basis for the milk procured by Aavin through the societies. Free veterinary treatment was being given to milch cattle every week, and training and guidance given to dairy farmers and employees of the societies on giving balanced feed to the cattle and provision of infrastructure facilities necessary for running the societies in a profitable manner.

*450 milch cows, at the rate of 50 in each of nine villages, were distributed under the scheme*

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KOLKATA, February 9, 2012

### **Mamata writes to PM on fertilizer subsidy**

West Bengal Chief Minister Mamata Banerjee has written to Prime Minister Manmohan Singh on the issue of farm loan waivers and fertilizer subsidy. Stating this before leaving the State

Secretariat on Wednesday, she said she had written to Dr. Singh on these issues in the past too. "I have written to Dr. Singh on these issues in the past too and I am writing again," she said. The contents of the letter were not known. Ms. Banerjee's missive to the Prime Minister comes soon after reports of farmers' suicides, especially in the State's rice bowl of Bardhaman district. Ms. Banerjee maintained that according to her reports only one farmer had committed suicide due to farm debts. The Left parties have pegged the figure at over 30.

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Thu, 09 Feb 2012

weather

Delhi - INDIA

Today's Weather



Sunny

Thursday, Feb 9

Max Min  
19.3° | 4°

Rain: 2.0 mm in 24hrs

Humidity: 70%

Wind: Normal

Sunrise: 7:14

Sunset: 17:48

Barometer: 1018

Tomorrow's Forecast



Partly Cloudy

Friday, Feb 10

Max Min  
21° | 7°

Extended Forecast for a week

Saturday Feb 11	Sunday Feb 12	Monday Feb 13	Tuesday Feb 14	Wednesday Feb 15
22°   7° Sunny	22°   8° Sunny	23°   9° Sunny	25°   9° Cloudy	24°   10° Cloudy



Low growth to cut inflation, rates: Fitch

**Agencies** Posted online: Wed Feb 08 2012, 19:54 hrs

**New Delhi** : Declining economic growth rate will moderate inflationary pressure and prompt the Reserve Bank to lower interest rate, ratings agency Fitch has said.

"The cyclical downturn could help further ease inflation, which appears to have passed its peak. This will give the Indian central bank room to move to a more accommodative monetary policy, after recent increases in policy rates," Fitch Ratings said in a report today.

The report came a day after the release of the Advanced Estimates by the Central Statistical Organisation (CSO) which said that economic growth in 2011-12 is expected to be 6.9 per cent, lowest in three years, on account slowdown in manufacturing and agriculture.

The Indian economy expanded by 8.4 per cent in 2010-11.

The CSO's GDP growth projection is a tad lower than the 7 per cent forecast made by the Reserve Bank of India in its quarterly monetary policy review last month.

In its mid-year Economic Review, the government had pegged the growth at around 7.5 per cent. The latest estimate is a sharply lower than the 9 per cent growth projection for 2011-12 made by the government in its pre-Budget survey in February last year.

"Fitch Ratings reiterates that it expects a cyclical slowdown rather than a structural downturn for India, following the CSO's advanced estimate... The slowdown probably reflects the authorities' efforts to correct an overheating economy," the report said, adding that the Advanced Estimates confirms a slowdown in the Indian economy.

Fitch had earlier revised its GDP growth forecast for India this fiscal to 7 per cent from the earlier estimate of 7.5 per cent.

"We maintain our view that India is not facing a structural deterioration in its potential growth rate of 7.5-8.5 per cent," it said.

It also said that manufacturing sector growth is likely to be go on an upswing from now.

As per the Advanced Estimates, manufacturing growth is also expected to drop down to 3.9 per cent in this fiscal from 7.6 per cent last year.

Agriculture and allied activities are likely to grow at 2.5 per cent in 2011-12, compared to a robust growth of 7 per cent in 2010-11.

India Inc has blamed the high interest rate regime, which is led to an increase in the cost of borrowings, for hindering fresh investments and leading to industrial slowdown.

RBI hiked interest rates by 350 basis points between March 2010 and October 2011 to tame inflation, which was above 9 per cent for most of last two years.

However, headline inflation fell to a two-year low of 7.47 per cent in December.

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Floriculture industry to cross Rs 8,000 cr by 2015: Assocham

**Agencies** Posted online: Wed Feb 08 2012, 17:50 hrs

**Bangalore** : Growing at a compounded annual growth rate (CAGR) of about 30 per cent, India's floriculture industry is likely to cross the Rs 8,000-crore mark by 2015, industry body Assocham said today.

The floriculture industry in India is poised at about Rs 3,700 crore, with just 0.61 per cent share in the global floriculture sector, which is likely to reach 0.89 per cent by 2015, said a study titled, 'Indian Floriculture Industry: The Way Ahead' released by Assocham.

Besides, the global floriculture industry is likely to cross Rs 9 lakh crore mark by 2015 from about Rs 6 lakh crore now and is growing at a CAGR of 15 per cent, it said. With a share of about 65 per cent rose flower industry in India accounts for over Rs 2,400 crore of the overall



floriculture industry and rose accounts for 75 per cent of the global floriculture industry, said the study. Rising demand from Tier II and III cities apart from urban centres is likely to spur demand for roses this Valentines Day (February 14), as price of export quality cut rose is likely to quadruple from its current average ruling price of about Rs 15 to Rs 20 per stem, it said.

The study surveyed 250 rose merchants, including cultivators, exporters, wholesale flower dealers and florists in Bangalore, Chennai, Delhi, Mumbai and Pune to gauge the scenario vis-à-vis business of rose flower during Valentine's week, considering India is also worlds biggest rose grower. Demand for roses has spiralled upwards by over 25 per cent in domestic and about 30 per cent in international markets as Valentines Day draws closer, said over 55 per cent of all respondents. Fall in the value of rupee against major currencies is the prime reason behind this upsurge in demand for roses in international markets of Australia, Germany, Greece, Italy, New Zealand, Netherlands, the US, UK and other countries of Europe and the Middle East. While, growing demand for roses from cities like Ahmedabad, Chandigarh, Hyderabad, Surat, Kanpur, Lucknow and Patna is driving the high demand for roses in the domestic circuit.

Besides, majority of flower growers also said they hope for about 30 per cent rise in terms of revenue during February alone with a turnover of about Rs 10 crore.

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## Business Standard

Thursday, Feb 09, 2012

### **Sugar and rice stocks up on fresh export permission**

**BS Reporters / Mumbai February 09, 2012, 0:31 IST**

The government's decision to allow exports of additional sugar and non-basmati rice lifted the share price of companies in these segments, on Wednesday. Both rice and sugar companies' stocks jumped five per cent and 6.6 per cent respectively.

The share price of Ponni Sugars jumped by 6.6 per cent to close at Rs 111.10 while Simbhaoli Sugars, Bajaj Hindusthan and Shree Renuka Sugars' stocks firmed up by 2.41 per cent, 1.11 per cent and 0.5 per cent to close at Rs 38.25, Rs 35.54 and Rs 40.29 a share,

respectively.

In the rice segment, the stock price of Kohinoor Foods jumped by 4.4 per cent to close at Rs 42.80. The share price of Usher Agro, KRBL, LT Foods and Chaman Lal Setia Exports also rose 3.8 per cent, 2.8 per cent 2.3 per cent and 1.5 per cent to Rs 53.10, Rs 20.70, Rs 46.95 and Rs 27.05, respectively.

Experts believe the government has provided a big relief to the industry by allowing additional export of one million tonnes (mt) of sugar and two mt of non-basmati rice. It was decided in a meeting of the Empowered Group of Ministers (EGoM) on food. The EGoM had said the exportable quantity will not impact the country's required consumption due to excessive production in the last couple of years.

The requirement of additional rice to emerge with the introduction of the Food Security Bill is also expected to be adequately met.

This decision paves way for more export of both basmati and non-basmati rice. An analyst said both the steps would lead to more export of rice from the country, thereby helping in arresting the sharp fall in prices due to bumper harvest.

The country had shipped 2.2 mt of the grain in the last financial year. After on Wednesday's decision, the government has allowed the export of two mt of sugar in the 2011-2012 crop marketing season that started in October.

The panel of ministers also opened export of grains to Bangladesh through the land route and cleared a proposal to create two mt of additional storage space through modern silos.

However, the decision taken by the EGoM on sugar would be announced only after approval from the Election Commission as Assembly elections are being held in Uttar Pradesh, the country's second largest sugar producing state.

India's sugar production in 2011-2012 is expected to be around 26 mt as against the annual domestic demand of 22 mt.

India, the world's second largest sugar producer and biggest consumer, had exported 2.6 mt of the sweetener in the 2010-11 marketing year.

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## Short-staple cotton output likely to decline, denim makers may import

Rutam Vora / Ahmedabad February 09, 2012, 0:14 IST

At a time when cotton output estimates in India have been lowered to 34.5 million bales (170 kg each), production of the short-staple variety in most parts is likely to fall on unfavourable weather during the sowing season.

India, the second-largest grower after China, may have to depend on imports of the short-staple variety this year, as production in key growing areas, including Gujarat, Maharashtra and Andhra Pradesh, may witness a steep fall. Short-staple cotton has length of less than one inch.

“Gujarat, the largest producer, may witness a fall of 50 per cent in the short-staple variety to 400,000-500,000 bales. The loss is mainly due to an extended monsoon during sowing and climatic fluctuations during early winter days,” said N M Sharma, managing director, Gujarat State Cooperative Cotton Federation (Gujcot).

A higher crop of genetically modified (Bt) cotton is also responsible for lower output of the short-staple variety, as the Bt crop is of similar length and medium staple.

The Cotton Advisory Board (CAB) had estimated production to be 34.5 million bales for the 2011-2012 season (October-September). Gujarat’s production is estimated at 11.4 million bales, of which production of the Bt variety was pegged at 10.8 million bales, while the rest would be short-staple variety of V-797 cotton (better known as Kalyan in Gujarat). In Maharashtra, the short-staple variety is known as Y-1, while in south India the variety is known as H-420 and Jaidhar, which has fibre length less than an inch.

Due to its coarse fibre, short-staple cotton is mainly used for thick textile materials, including denim.

“The share of short-staple cotton to the total production is declining. Since there are large numbers of denim capacities in the country, the demand for short-staple variety is huge. This year, the production scenario looks grim across the country and there could be increased

imports of such variety to meet millers' requirements," said D K Nair, secretary, Confederation of Indian Textile Industry.

According to industry estimates, import in the current season would be 300,000 to 400,000 bales. "Already around 300,000 bales of short-staple cotton have been contracted for imports from Pakistan. We may have to import more if domestic production falls," said a leading trader and exporter from Ahmedabad.

Increasing dependence on the imported short-staple variety is feared to put additional cost pressure on denim making companies, including Arvind Ltd, Aarvee Denims & Exports Ltd, KG Denim and Alok Industries Ltd.

"Imports will be costlier for denim makers as there will be an additional burden of freight and insurance cost for the companies," said Nair, adding that denim makers are increasingly depending on the imported short-staple variety.

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### **Tea production at record high in 2011, says ITA**

The tea industry ended 2011 with the highest ever production at 988 million kg, an increase of 23 per cent over last year

**BS Reporter / Kolkata February 09, 2012, 0:15 IST**

According to figures released by the Indian Tea Association (ITA), output was up 21.92 million kg to 988 million kg till December, as against 966 million kg last year. The estimated year-end figure, however, fell short of tea players' expectations of achieving production of one billion kg.

"Erratic weather brought the production figures down. It was extremely dry and October-November was too cold, which affected the crop," an ITA official said.

Till October, the cumulative crop increase was at 33 million kg, but December saw a fall of seven million kg.

Last year's production figures also managed to break a three-year downward trend. In 2007, the industry had recorded 986 million kg, the earlier record. In the ensuing years, the crop

fell steadily to 981 million kg in 2008 to 979 million kg in 2009, and 966 million kg in 2010.

Despite high production, the industry expects stocks to be exhausted by February-end. Exports till December were 186.73 million kg, marginally lower from 193.29 million kg last year. The unit price was, however, higher from Rs 134.26 a kg last year to Rs 147.80 a kg now. The cumulative deficit for the year is expected to be 45-50 million kg, given that India's consumption increases by 30 million kg every year.

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### Special lab to be set up in Nashik to aid onion production

Press Trust Of India / Mumbai/ Nashik February 09, 2012, 0:25 IST

A special laboratory has been set up at Chitegaon near here by the National Horticulture Research and Development Foundation (NHRDF) with the help of ISRO's Ahmedabad centre to aid the onion-crop-sector. The geoinformatics lab has been set up in NHRDF's research complex and was yesterday opened by ISRO's Deputy Director J S Parihar. The lab will help in onion production in Maharashtra, Gujarat, Madhya Pradesh and Karnataka states via calculations through satellite to develop the onion crop, colour of the product and conduct various tests. NHRDF Director R P Gupta and Additional director Satish Bhone were present on the occasion.

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## THE HINDU Business Line

### Tur may gain in long run on lower yield



Indore, Feb. 8:

Tur ruled firm at Rs 3,700-3,750 a quintal on Wednesday even as demand for pulses remained slack. Arrivals, on the other hand, were weak. Tur (Nimari) sold at Rs 3,000-3,100 a quintal.

Due to sluggish demand and rise in arrivals in the coming days, tur may drop by about Rs 150-200 a quintal, said a pulse trader. Though tur and its dal are already hovering around their lowest, they will remain bearish as long as long arrivals continue, said a trader, adding that with estimated decline in tur yields this year, prices will rise in the long run.

Around 1,000-1,200 bags of new tur arrived from Maharashtra. Tur dal was unchanged despite weak buying support, with tur dal (full) Rs 5,450-5,500, tur dal (*sawa* no.) at Rs 4,600-4,800 and tur (marka) at Rs 5,900-6,000 a quintal.

Urad, on the other hand, declined by Rs 50 at Rs 3,450-3,500 a quintal, while urad (medium) quoted at Rs 2,600-2,800. With large carryover stock and rise in arrival of tur from Myanmar, urad will remain bearish. Urad dal was unchanged, with urad dal (medium) being quoted at Rs 3,200-4,000, urad dal (bold) at Rs 4,800-4,900 and urad (mongar) at Rs 5,400-5,800 a quintal.

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### **Castor rises on crop-damage fear**

Our Correspondent



Rajkot, Feb. 8:

Sources at the Rajkot Commodity Exchange said speculative buying on fear of crop damage due to cold waves in production areas pulled up castor on spot and future markets on Wednesday. Besides, likely improvement in local and export demand also supported prices. Speculators are raising holdings as supplies remain tight in the physical markets. Analysts, however, expect profit-booking to cap the rise.

Its February contract was up Rs 149, or 4 per cent, to Rs 3,869.50 a quintal with an open interest of 6,860 lots on the National Commodity and Derivatives Exchange, while March rose by Rs 147.50 to Rs 3,831 with an open interest of 10,440 lots.

On the Rajkot Commodity Exchange, March contract gained Rs 104 a quintal while spot castor increased by Rs 20 to Rs 3,617.50 a quintal.

While about 24,000-25,000 bags of castorseed arrived in Gujarat and sold at Rs 708-720 for 20 kg, around 2,300-2,400 bags arrived in Saurashtra and quoted at Rs 695-731.

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### Mixed trend in pepper market

G. K. Nair



Kochi, Feb. 8:

A mixed trend prevailed in the pepper market on Wednesday on limited trading and bearish activities. Two of the active contracts declined, while one moved up marginally.

However, overseas reports were bullish, while local dealers were also talking about supply squeeze and good domestic demand from interstate dealers.

Leading exporters were reportedly going around the southern districts mainly Pathanamthitta to buy pepper which they claimed has high piperine oil content. But the sellers were not interested in selling, some primary market dealers told *Business Line*.



Traders here said those who were holding stocks for years liquidated them when the prices were ruling at around Rs 350 a kg. Now they were buying and keeping the new pepper and that has arrested the arrival of the new crop in the terminal market. These stockists are said to be claiming that the prices would touch Rs 320-325 soon.

As there was no arrival from the primary markets, exporters reported to have covered some 70 to 80 tonnes. There was liquidation in February and one of the reasons for it was claimed to be the introduction of 1.5 per cent additional charge, market sources told *Business Line*.

February contract on the NCDEX dropped by Rs 145 to close at Rs 29,435 a quintal. March moved up by Rs 30 to close at Rs 29,696 a quintal. April declined by Rs 95 to close at Rs 29,925 a quintal.

Total turnover decreased by 1,930 tonnes to close at 2,527 tonnes. Total open interest decreased by 65 tonnes to close at 8,644 tonnes.

February open interest fell by 186 tonnes, while that of March and April moved up by 101 and 10 tonnes, respectively, to close at 2,908 tonnes and 656 tonnes.

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### Chana prices likely to jump 7% on lower crop output



Mumbai, Feb 9:

Prices of gram (chana) are likely to rise by around 7 per cent from April on account of lower crop output due to adverse weather conditions, an industry body has said.

“Output of chana (gram) will be lower this year by about 10 per cent as the crop was affected by adverse weather conditions in the main producing states of Andhra Pradesh, Karnataka,



Maharashtra and Rajasthan,” Mr Pravin Dongre, India Pulses and Grains Association President, told reporters here.

According to government data, last year the production was about 8.2 million tonnes. This will put pressure on prices, which is likely to see upward movement from April.

“Lower output will put pressure on chana prices, which may go up by 5-7 per cent from April onwards,” he said.

Similarly, the overall pulses production is also likely to dip by about 1 mt to 17 mt compared with 18 mt last year. About imports, Mr Dongre said they were likely to be similar or a little higher till March this year than last year’s 2.6 mt.

“The rupee fall has impacted the imports slightly. However, it is going to catch up in the remaining period,” he added.

Observing that imports for 2012-13 are likely to be higher by 5-7 percent due to estimated lower production in overall pulses, Mr Dongre said: “To bridge the demand-supply gap, imports will go up mainly from countries like Australia, Canada, Myanmar and Africa.”

Meanwhile, the association has announced the first three-day ‘Global Pulses Conclave 2012’ for the world pulses industry and trade, which will begin from February 15. The event is supported by the Food and Public Distribution Department of the Consumer Affairs Ministry.

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### **Farmers’ body seek Rs 1,000 cr to bail out AP co-op sugar sector**

**HYDERABAD, FEB. 9:**

A farmers’ body affiliated to the ruling Congress Party in Andhra Pradesh has demanded the Government allocate Rs 1,000 crore to bail out the ailing co-operative sugar sector in the ensuing State Budget for 2012-13.

“The sector needs this fund to upgrade their facilities by setting up co-generation facilities and ethanol units. They need these facilities to shore up their revenues,” said Mr M. Venkat Srinivas Reddy, Vice-Chairman of Kisan-Kheth Mazdoor Sangh of Andhra Pradesh Congress Committee.

In a memorandum submitted to the Chief Minister, Mr N. Kiran Kumar Reddy, he also called for waiver of all outstanding loans of the sector, which is in position to clear them.

Mr Srinivas Reddy asked the Chief Minister to focus on Nizamabad Cooperative Sugar Factory (NCSF) to revive its fortunes. While cancelling the joint venture status of NSCF, the Government should appoint a farmers' body to manage the factory, he said.

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### **Calicut Flower Show from Thursday**

Kozhikode, Feb. 8:

The 36th 'Calicut Flower Show 2012' would be held at Marine ground here from February 9 to 14, Mr R. Ansari, Convenor of the show, said today.

Speaking to mediapersons here, Mr Thottathil Ravindran, General Convenor, said the Calicut Agri Horticultural Society has been organising the show for the last 35 years attracting thousands of people from the northern district of Kerala.

The main purpose of the show is to educate and impart practical knowledge to the public, farmers and interested growers on various aspects of scientific agriculture, horticulture, floriculture and allied subjects.

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### **Darjeeling tea to be sold on e-auction, says tea body**

*Business Line* Brewing on click: Ms Sangeeta Kichlu, Chairperson, Calcutta Tea Traders Association, addressing a media gathering in Kolkata. — A. Roy Chowdhury

Kolkata, Feb. 8:

Darjeeling tea is likely to be offered on the electronic auction platform by April this year. Plans are also afoot to offer tea dust on e-auction route, said Ms Sangeeta Kichlu, chairperson of Calcutta Tea Traders Association (CTTA) and vice-president, Jay Shree Tea and Industries Ltd.

Introduced in April 2009, e-auction platform is currently available for CTC and orthodox tea. Close to 55 per cent of the 980 million kg of tea produced in the country is sold on the e-auction platform.

The annual production of tea in Darjeeling is close to 8-9 million kg. While close to 50 per cent of the Darjeeling tea is sold through private sales, the rest is sold through the manual auction route.

“In 2011-12, close to 3.5 million kg of Darjeeling tea was sold at an average price of Rs 311 a kg through the manual auction route. Prices have spiked up sharply from Rs 220-240 a kg in 2009-10,” said Mr Krishan Katyal, director of J Thomas and Company, the country's oldest auctioneer.

## **PRICES FIRM**

The prices are likely to remain firm this year as well. “We do not see a reason for a negative change. We have already seen better price for the crop last year and it is likely to be firm this year too,” Mr Katyal told newsmen at a press meet to announce the 125<sup>th</sup> year celebration of CTTA here on Wednesday.

There are some glitches in the way e-auctions are being conducted which need to be resolved before rolling out e-auction for Darjeeling tea. “We have already pointed out the glitches to NSE.IT, the technology arm of National Stock Exchange which developed the electronic auction platform.

These glitches have to be addressed first before rolling out the high value, specialty Darjeeling tea on the e-auction platform,” Ms Kichlu pointed out.

## **Exports**

The drop in exports of tea to Iran is likely to be partly offset by the rising demand for Indian tea in Russia.

“Russia has been stepping up imports of tea. Going by the present trend we feel that the temporary drop in exports to Iran can be offset to some extent by demand from the Russian market,” Ms Kichlu said.

With a view to resolve the long-standing Iran payment crisis, the Reserve Bank of India had recently granted permission to Central Bank of Iran to open rupee accounts with two Indian banks – UCO Bank and IDBI Bank. “A few LCs have arrived, we will get a clear picture of how this issue resolves in another month's time,” Ms Kichlu said.

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## **12% rise in Mother Dairy milk procurement**

New Delhi, Feb. 8:

Capitalising on the flush season, Mother Dairy's daily procurement of milk has increased by around 12 per cent, which has helped the dairy major to pile up stock for the lean summer season.

“Mother Dairy is collecting about 60 lakh litres of milk daily. Out of this 38 lakh litres is sold daily and the rest gets converted for the lean season,” Mother Dairy Fruit and Vegetable managing director, Mr Shiva Nagarajan, told PTI.

Collection in 2011-12 fiscal compared to the last fiscal has increased by about 12 per cent, the MD said.

“We have secured the upcoming summers requirement and will be able to meet the lean season demand without relying on import of SMP (Skimmed Milk Powder),” Mr Nagarajan said.

Due to flush in milk production, the procurement cost of milk has been lowered, he said.

“But, farmers have not lost because despite the slash price is still higher by about 10-12 per cent compared with last financial year,” Mr Nagarajan added.

With about Rs 5,200 crore in value this financial year, Mother Dairy, which rules the milk and dairy products market in Delhi and NCR, is growing at around 28 per cent, he said.

It is in four businesses – refined vegetable oil (Dhara), dairy products, milk and horticulture.

“With handsome growth in all the four businesses, we hope Mother Dairy will be able to keep the inflation at low in the next financial year,” he added.

Set up in 1974, Mother Dairy is a wholly owned subsidiary of National Dairy Development Board (NDDB) of India. It collects milk daily from farmers of Punjab, Uttar Pradesh, Maharashtra, Karnataka and Rajasthan.

It is paying increased focus in UP region by forging partnership with Pradeshik Cooperative Dairy Federation (PCDF) in the most populous State.

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### **Lab to aid onion production**

Nashik, Feb. 8:

A special laboratory has been set up at Chitegaon near here by the National Horticulture Research and Development Foundation (NHRDF) with the help of ISRO's Ahmedabad centre to aid onion farmers.

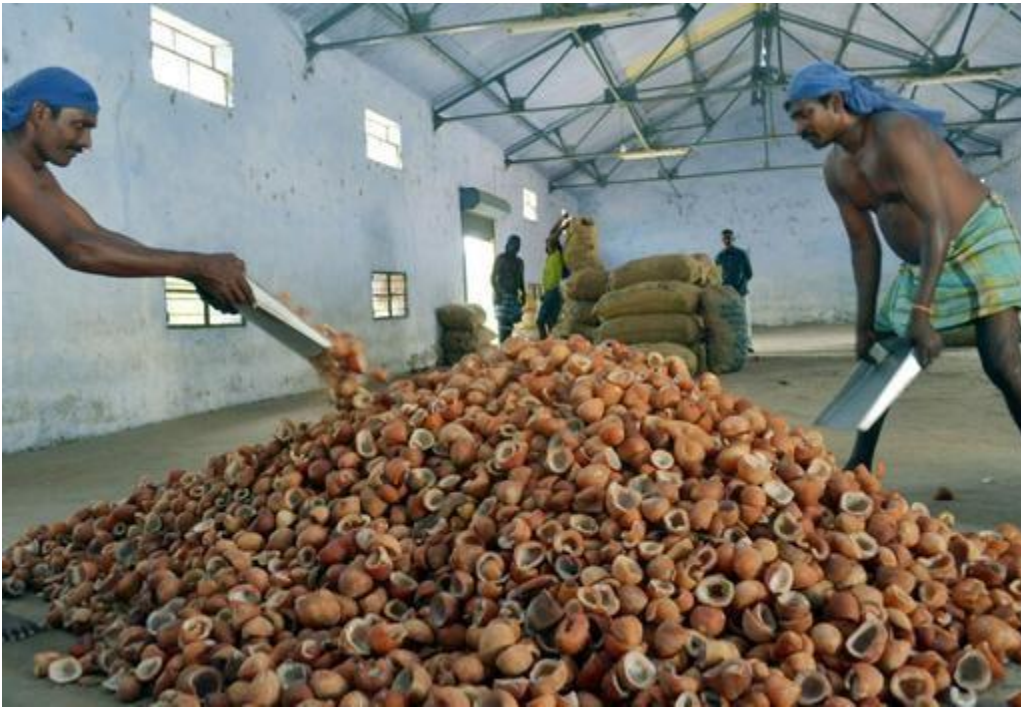
The geoinformatics lab has been set up in NHRDF's research complex and was yesterday opened by ISRO's Deputy Director, Mr J.S. Parihar.

The lab will help in onion production in Maharashtra, Gujarat, Madhya Pradesh and Karnataka states via calculations through satellite to develop the onion crop, colour of the product and conduct various tests.

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## All set for purchase of copra by Govt agencies

Our Bureau



Kochi, Feb. 8:

Designated agencies such as Kerafed and Marketfed have been authorised by the Kerala Government to procure copra during the 2012 season.

Copra prices dropped below the minimum support price of Rs 5,100 a quintal to Rs 4,500 a quintal in Kerala markets on Tuesday. Prices were quoting even lower in Tamil Nadu.

With widespread procurement expected to commence, further fall in copra prices are expected to be arrested and prices could recover to the Rs 5,100 a quintal levels shortly, sources in the trade said.

The move is also expected to benefit coconut farmers directly.



Reports indicate that coconut production across all major producing countries this year is expected to be lower, the Coconut Development Board said.

Increased coconut production in the first half is expected to be followed by a decrease in the second half in the major coconut producing south Indian States.

As more farmers and their cooperatives approach the designated agencies for procurement of copra, prices are expected to recover and grow beyond the minimum support price levels.

## NABARD launches post-harvest loan scheme for farmers



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Hyderabad, Feb. 8:

Farmers always wonder how the price of produce shoots up the moment it leaves their hands. The crop in their hands is quoted below the MSP (minimum support price). A week or two later, prices in the secondary and tertiary markets skyrocket, leaving fruits of their labour somewhere else. Farmers who sell their produce very cheap soon after harvest due to lack of working capital and for repaying crop loans can now aspire for low-cost loans. They need not sell their produce for low prices just to meet small time needs. NABARD has launched a new scheme that encourages banks to give post-harvest loans, taking warehouse receipts as receipts.

About 10.62 crore farmers in the country holding Kisan Credit Cards (KCC) will be eligible for these loans. Though banks give loans for post-harvest needs of farmers, the interest rates charged range in 15-17 per cent which is expensive for farmers. The new initiative by National Bank for Agriculture and Rural Development (NABARD) will allow banks to give loans at 7 per cent. Besides, it will offer interest subvention, taking care of interest burden on additional funds the banks might require.

“In most cases, they go for distress sale, with prices falling well below the minimum support price (MSP). They do not get any advantage of the real demand in the market for their produce. The new scheme will help them discover better price. They can wait till market favours them,” Mr P Mohanaiah, Chief General Manager of NABARD (Andhra Pradesh), told *Business Line*.

The banks, however, will have to prepare a list of accredited warehouses where farmers can deposit their produce.

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### Onion export floor price cut



New Delhi, Feb. 8:

The Government has cut the minimum export price of common grade onions by \$25 a tonne to \$125, a trade official said on Wednesday.

The Empowered Group of Ministers on Food, which met on Tuesday, had taken up the matter but no announcement was made on the decision to cut the minimum export price.

“We have got verbal communication on the cut,” said a Nashik-based trader. On January 11, the Centre had cut the minimum export price of the vegetable by a substantial \$100 a tonne to \$150.

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### Volume hits 4-week high at Coonoor tea sale

P.S. Sundar



Coonoor, Feb. 8:

A volume of 11.73 lakh kg will be offered for Sale No: 6 of the auctions of the Coonoor Tea Trade Association to be held on Thursday and Friday, reveals an analysis of the listings by brokers.

It is the highest volume on offer at the auction in the last four weeks – 1.58 lakh kg more than last week's offer and 1.68 lakh kg more than the offer at the same time last year.

Of the 11.73 lakh kg on offer, leaf grades account for 8.29 lakh kg and dust grades 3.44 lakh kg. As much as 10.99 lakh kg is of the CTC variety and only 0.74 lakh kg of the orthodox variety.

The proportion of orthodox teas continues to be low in both the leaf and dust grades. In the leaf counter, only 0.35 lakh kg is of the orthodox variety, while 7.94 lakh kg is of the CTC type.

Among the dusts, only 0.39 lakh kg is of the orthodox variety and 3.05 lakh kg, CTC.

Fresh teas accounted for 10.65 lakh kg of the total with 1.08 lakh kg comprising teas that remained unsold in previous auctions. This week, 108 marks of CTC teas and 33 marks of



orthodox teas got Rs 100 and more. On the export front, Pakistan bought in a wide range — Rs 55-75 a kg — and the CIS in the range of Rs 59-70.

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### Fall in exports crushes chilli prices in Guntur



Guntur, Feb. 8:

Chilli farmers in Guntur district are in distress as prices have crashed due to fall in exports this season and a series of fire accidents in the cold storage units earlier in 2011 also resulted in losses.

The farmers have not yet received any compensation.

Guntur district boasts of the biggest chilli market yard in the State and the country.

The average prices of the premium quality chilli fell to as low as Rs 5,000-5,500 a quintal and of the common variety to Rs 3,000 a quintal last month and, though there has been a slight

improvement since then, the prices are far from satisfactory. During the last season, the premium variety fetched Rs 11,000 a quintal. The two factors cited for the price crash are the bumper crop in Madhya Pradesh and fall in exports. It is said that the Madhya Pradesh Government has focussed on raising the chilli crop and the crop quality is good. Earlier in 2011, three cold storage units caught fire and there was massive destruction of the crop. The loss was roughly estimated at Rs 70 crore. Farmers have since then been making attempts to get compensation, but in vain. More than 2,000 farmers were affected by the fire mishaps.

It is said that procedural problems in third party surveys commissioned by the insurance companies are the reason for the inordinate delay. There is, however, some consolation for the chilli farmers in the district, as Mr K. Lakshminarayana, the minister from the district, has been given the agriculture portfolio in the State Cabinet reshuffle on Monday. They are hoping the minister will secure the compensation for them and take steps to stabilise chilli prices. They have sought market intervention measures.

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### **Karnataka Planters to adopt Israeli drip irrigation model**

Anil Urs



Bangalore, Feb. 8:

The Karnataka Planters' Association (KPA), which is currently holding its coffee area scientific symposium (CASS) in Israel, plans to adopt kibbutz model of drip irrigation for their plantations.

“After visiting the Naan Dan Kibbutz near Tel Aviv, we were able to get a first-hand experience of irrigation facilities created to raise avocado, citrus, banana and mango plantations, installed by Netafim Ltd, one of the largest drip irrigation company,” said Mr Marvin Rodrigues, Chairman of KPA.

“We were also able to visit the banana tissue culture lab and the dairy farm in kibbutz, which has an area of around 1,000 acres. Having good drip irrigation system, one can expect a 30 per cent increase in yields in major crops,” he added.

KPA members, who are negotiating with Naan Dan Jain Irrigation for installing drip irrigation at their estates, were also taken to study Naan Dan Jain Irrigation facility located at the same kibbutz. Mr Ellyahu Ram, General Manager, Asia Naan Dan Irrigation made a presentation on drip irrigation system with special emphasis on coffee in Brazil and Guatemala.

Mr Rodrigues said during the visit to Naan Dan Kibbutz, members had an opportunity to study overhead drip irrigation systems developed by them and also visited the vegetable farms where egg plant (brinjal) and citrus are cultivated on a large scale.

Israel also produces fruits such as strawberries, dates at a large scale for exports. It is a major exporter of flowers to Europe and wine producer as well.

“The kibbutz also has a climate control green house facilities. We were shown fertigation (application of fertiliser through the drip system) which increases yield as well as saves on labour cost.” said Mr Nishant R Gurjer, Convener of KPA's scientific committee.

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### **Sugar decontrol panel may submit report in 6 months**

New Delhi, Feb 8:

An expert committee on sugar decontrol, headed by the PMEAC Chairman, Dr C. Rangarajan, is expected to submit its report in the next six months, the Food Minister, Mr K.V. Thomas, said today.

“I recently met the Prime Minister Economic Advisory Council (PMEAC) Chairman and requested him to submit the report within six months,” the Minister told reporters on the sidelines of a conference here.

On January 27, the Prime Minister, Dr Manmohan Singh, constituted an expert committee under the chairmanship of Dr C. Rangarajan to examine issues related to decontrolling the sugar

sector. Members of the committee include Dr Kaushik Basu, Chief Economic Adviser, Ministry of Finance, and secretaries to the Department of Food and Agriculture. Other members of the panel are Mr Ashok Gulati, Chairman, Commission for Agricultural Costs and Prices, Mr Nand Kumar, former Agriculture Secretary, and Mr K.P. Krishnan, Secretary EAC Convener. The sugar industry is under government control, right from the level of production to distribution. In early January, representatives of the apex sugar industry bodies ISMA and NFCSF had met the Finance Minister, Mr Pranab Mukherjee, seeking partial decontrol of the sector, including freedom to sell sugar in the open market and doing away with the levy obligation for public distribution system. Under the levy obligation, sugar mills are required to sell 10 per cent of their output to the government at below-cost rates for supply to ration shops.

Mills supply levy sugar at 60 per cent of the cost of production, resulting in an annual industry loss of about Rs 2,500-3,000 crore. The sugar industry has also been demanding removal of the monthly release system under which the Food Ministry allocates quantity of sugar to be sold in the open market every month.

Sugar production in India, the world's second largest producer but the largest consumer, is estimated to touch 26 million tonnes against the annual demand of 22 mt.

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### **Rubber growers take exception to call for duty-free imports**



Thiruvananthapuram, Feb. 8:

The demand of the Automotive Tyre Manufacturers Association (ATMA) for duty-free import of natural rubber is unreasonable and unwarranted, according to the Indian Rubber Growers Association.

Mr Siby J. Monippally, General Secretary of the association and Member of Rubber Board, said natural rubber has been included in the negative list consciously by taking into account the socio-economic significance of the commodity in India.

## **DEPB ROUTE**

The consuming industry could avail the channel of advance licence channel (Duty Entitlement Pass Book) to meet the domestic shortage, he said.

The ATMA demand must be seen against the background of a recent initiative by all stakeholders — producers, processors and consumers — to enhance the quality of rubber produced and to achieve the target of 15 lakh metric tonnes (mt) by 2020. Here, stakeholder interests compliment each other. Also, a unique initiative of linking rubber growers directly to the consuming industry is also in the making.

Mr Monippally said the consuming industry also should seek to commit new investments in the sector to become globally competitive.

The domestic tyre industry must also ensure every support it needs to restrict the liberalised import of used and inferior quality tyres. Import duty of used tyres should be enhanced to 20 per cent.

Rubber is the only crop that provides inclusive growth to growers and sustainable development to areas where it is grown.

It has changed the socio-economic life of people in the traditional growing areas of Kerala and Tamil Nadu as well as the non-traditional Tripura, Assam, Meghalaya and Karnataka.

The rubber sector has been instrumental to a large extent in containing insurgency in Tripura and the rest of the growing areas in the Northeast India.

Growers are satisfied with the reasonable price of the commodity now, which encourages them to go for new plantation and re-plantation.

## **ADVERSE IMPACT**

Any change in the present scenario will adversely affect the confidence of the small rubber growers who constitute 90 per cent of the growers and who produces 92 per cent of natural rubber.

Natural rubber market all over the world is now integrated and domestic rubber prices are always in conformity with the international price.

Rubber growers have taken care to ensure continuous and uninterrupted supply of natural rubber to the consuming industry.

The consuming industry imported a little more than 1.14 lakh mt of natural rubber during 2010-11 through duty-free channel, which was more than the requirement. The production was 8.61 lakh mt and the consumption 9.47 lakh mt.

The projections for production and consumption during 2012-13 are 9.42 lakh mt and 10 lakh mt respectively. The shortage will be 64,000 mt, which could be easily made good through the duty free channel of imports.

The industry will be entitled to import 1.3 lakh mt without import duty on the strength of its exports achieved. An opening stock of 2.3 lakh mt will be available by April.

Till now this year, total imports were to the tune of 1.59 lakh mt, of which 70 per cent was routed through advance licence channel.

The industry imported only 19,000 mt at 7.5 per cent concessional duty, where they are legally entitled to import 40,000 mt until March 31, 2012. *vinson@thehindu.co.in*

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