THE HINDU

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Cyclone causes setback to foodgrain production target

Vice-Chancellor of TNAU P. Murugesa Boopathi inspecting the damage caused to the crops at the sugarcane research station in Cuddalore.

The Thane cyclone has caused a setback to Tamil Nadu in achieving the foodgrain production target of 115 lakh tonnes during the financial year 2010-2011.

It needs both short-term and long-term measures to revive the agriculture sector to the normal level, according to P. Murugesa Boopathi, Vice-Chancellor of Tamil Nadu Agricultural University (TNAU).

The Vice-Chancellor, who had come to Cuddalore to study crop damage post-Thane, told *The Hindu* that Chief Minister Jayalalithaa had directed that 115 lakh tonnes of foodgrain production should be achieved this year but the extent of crop damage was such that it would not be possible to reach the target.

Standing paddy crops on over 1.5 lakh hectares in Cuddalore and Villupuram districts were damaged and as such foodgrain production in the State would fall short of nine lakh tonnes or in other words only 106 lakh tonnes of foodgrains could be harvested this year.

Mr. Boopathi further said the TNAU had suggested that if the farmers were encouraged to go for short duration paddy variety such as ADT-43, a fine variety, another harvest could be obtained in three months.

He underscored the point that the TNAU had in its possession 80 tonnes of seeds of this paddy variety which it was ready to distribute among farmers.

The university was also ready to provide counselling, technical support and other inputs to farmers, besides seeds, to put agricultural sector back on the rail.

As for perennial crops, the Vice-Chancellor said that fully grown cashew trees on 30,000 ha, jackfruit trees on 3,000 ha and coconut trees on thousands of ha too were damaged by cyclone. However, the relief amount ranging from Rs 2,000-Rs 9,000 per ha being given by the government was inadequate.

Though losses suffered by farmers on this score were quite huge, Mr. Boopathi had seen a prospect in it to go for replacement of the traditional cashew variety with new short-duration variety such as VRI-3.

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Malaysian technique for harvesting of oil palm

G. Nagaraja

It is high quality and pole and sickle are light weight, says Oilfed official

On trial:A harvesting tool widely used in Malaysia for cutting oil palm fresh fruit bunches is on demo in a field near Gangannagudem village in West Godavari. —Photo: A.V.G. Prasad

Will it or will it not? This is the question that stalks the oil palm growers over the efficacy of the 'Malaysian technique' in finding a solution to the labour problem associated with the harvesting in the tall plantations. A recent demonstration on the use of the technique, involving a pole and sickle in a typical shape, conducted by the Andhra Pradesh Oil Federation (AP Oilfed) has set off an intense debate among the growers over its functioning in local conditions.

The growers are used to harvesting by adopting a traditional method resembling the one used for toddy tapping. They are failing to stick to the stipulated schedule for harvesting due to the non-availability of workers. The growers are forced to reduce the number of harvesting periods from 45 to 20 a year on account of the labour problem. Against this backdrop, the State government has decided to popularise the Malaysian technique of harvesting through the AP Oilfed. According to K.J. Prabhakara Rao, Senior Manager of the Oilfed, "the technique is of high-quality and the pole and sickle are light weight".

The farmers in Kamavarapukota and the other upland areas are reportedly felling the oil palm plantations after nursing them with all the care for over two decades for want of manpower for cutting the fruits. The harvesting problem is found to be associated with all plantations promoted by the Department of Biotechnology in the initial days of oil palm cultivation in 1989 in the region. These plantations are growing up to 50ft, calling for a research by the Department of Oil Palm Research (DOPR) at Pedavegi over breeding of short varieties in tune with the local conditions. The shortage of workers has shot up the harvesting cost up to Rs 5,000 per acre. "We are not yet used to the technique," says Kuchipudi Harikrishna in whose fields the demo was conducted. He has the plantations with a height of 50-55 ft, forcing him to pay Rs 600 for a worker per day.

High cost

"Except the high cost, there is nothing new in the so-called novel technique," observes Guduru Venkatasivaram Prasad, a grower from Tadikalapudi area who has raised oil palm in four acres. He blamed the Mahatma Gandhi National Rural Employment Guarantee Programme (MNREGP) for labour crisis and for the labour cost to go up manifold.

- *Growers are used to harvesting by adopting traditional method*
- *They are facing problem due to non-availability of workers*

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Distressed farmers dump onion

Helpless situation:Onion farmers from Guntur district, supported by Andhra Pradesh Rythu Sangham, block the road on Prakasam Barrage connecting Guntur and Krishna districts on Tuesday. —PHOTO: RAJU V.

After chilli farmers, it was the turn of those who cultivated onion and incurred heavy losses to take to the streets.

A number farmers dumped nearly a tonne of onion in the Krishna here and stalled traffic on the Prakasam barrage demanding urgent relief measures. A few bags were also thrown on the barrage and distributed free to people.

Steep fall in price

It was a steep fall in prices and the trail of destruction left by the recent spell of unseasonal rain that pushed onion farmers into the red.

Hundreds of farmers from Tadepalli, Mangalagiri, Undavalli and other places where onion is the dominant crop, assembled at Prakasam barrage and ventilated their grievance by virtually rolling out their produce on the roads and dumping a larger quantity in the river.

Led by Andhra Pradesh Rythu Sangham leader P. Narasimha Rao, the farmers shouted slogans against the government for allegedly doing little to alleviate their plight.

Onion is grown in more than 5,000 acres in the Mangalagiri area and farmers have just started reaping the crop, but when the price crashed to Rs. 3 a kg, they became desperate and dumped the produce.

Unseasonal rain

Unseasonal rain damaged onion stocked in the fields. The farmers warned of intensifying the agitation if the government did not come to their rescue.

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Know your onions about Bangalore Blue and Rose

Nagesh Prabhu

Local grape and onion to get GI status soon

IN CLOVER:The Bangalore blue grape is also set to join the exclusive GI club.— FILE PHOTO: V. SREENIVASA MURTHY

The famed Bangalore Blue grapes and Bangalore Rose onion, exclusively grown in districts around Bangalore, will soon get Geographical Indication (GI) status. The State's Horticulture Department has submitted detailed proposals to the Office of the Controller-General of Patents, Designs and Trademarks, Chennai, seeking GI tag for both the native crops.

The Bangalore Blue Grapes Growers' Association and the Bangalore Rose Onion Growers' Association, both headquartered in Chickballapur, will get patent rights to cultivate these crops, horticulture officials told *The Hindu*earlier in the week.

Exclusive club

So far, 10 horticultural crops of Karnataka, some of which are endangered and much prized, have already received the GI tag. They are the Nanjangud rasabale (plantain), Coorg mandarin (orange), Mysore betel leaf, Mysore jasmine, Udupi jasmine and Hadagali jasmine (Bellary district), Devanahalli chakotha (pomelo), Sagar appemidi (baby mango), Kamalapur red banana (Gulbarga) and Mattu Gulla brinjal (Udupi).Officials said the Bangalore Blue, exclusively grown in Bangalore Urban, Chickballapur, and Kolar districts, requires GI tag for its specific geographic and indigenous variety. These grapes are being cultivated for the past 150 years in over 4,000 hectares. Some 15,000 small and marginal farmers in the Nandi Valley make a living from them.

The Bangalore Rose onion, another crop exclusive to the region, is also tipped to get the GI tag soon. The State exports 20,000 tonnes rose onion a year. Currently, the crop is grown about 10,000 acres, mainly in Kolar, Tumkur, Hassan, and Davangere districts.Though there is not much demand for this variety of onion in local markets, the Agricultural and Processed Food Products Export Development Authority (APEDA) and Karnataka State Agricultural Produce Processing and Export Corporation Ltd. (KAPPEC) have been promoting it East Asian countries such as Malaysia, Singapore and Indonesia as well as in West Asian countries such as Bahrain and Dubai.In 2010-11, rose onion exports stood at 22,346.49 tonnes (Rs. 59.55 crore). Exports of Bangalore rose onions are exclusively channelled through the KAPPEC.

Partnerships

The agri export zone status, given to rose onion, has afforded KAPPEC to mobilise resources to partner with University of Agricultural Sciences, Bangalore, and Indian Institute of Horticultural Research, Bangalore, to develop new varieties and offer seed replacement to farmers.

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Afghanistan has immense scope for agricultural development: V-C

Similar to India, Afghanistan's majority of the 22 million population depends on agriculture for their livelihood. It is, therefore, critical for it to build a strong knowledge base of modern agricultural technologies, as food security is key to the political security of any country, Vice-Chancellor of Tamil Nadu Agricultural University (TNAU) P. Murugesa Boopathi said here recently.

He was addressing representatives of Plant Protection and Quarantine Department, Ministry of Agriculture, Irrigation and Livestock, from Afghanistan, who are participating in a four-month long training programme at the university.

“Afghanistan has immense scope for agricultural development, provided it modernises its agricultural sector by adopting latest technologies,” Mr. Boopathi said.

The participants are attending an international training programme on “Plant Pest and Disease Diagnosis” to implement the same in their country.

“Afghanistan has been severely ravaged from two decades of war and five years' of drought, causing unprecedented damage to the agricultural production capacity and food security of the country. India underwent a similar kind of predicament prior to independence, when the country was importing food grains due to a series of famines,” the Vice-Chancellor said.“In fact, due to surplus production, the country is exporting wheat, rice, and cotton, to other countries. Earlier, only basmati rice varieties were permitted for export, but now the Central Government has permitted export of seven million tonnes of non-basmati rice varieties also.

This has been made possible by achieving breakthroughs in agricultural research and development efforts in the country and adoption of advanced technologies by farmers,” Mr. Boopathi said.

The training programme is the second of its kind, and is supported by the Australian Government. It will be followed up with on-line classes for two months. The trainees will be introduced to subjects related to plant pathology, entomology, nematology, weed science and seed certification.

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Field day delves into benefits of organic farming

G.Srinivasan

The practice helps in maintaining health of soil and consumers, say farmers

harvesting growth:Farmers and officials having a look at the measurement of paddy cultivated using organic fertilizers at Perugavazthan village near Mannargudi.— Photo:B.Velankanni Raj.

For the farmers who attended the field day at A.S.Farm at Perugavazhndan village in the district on Tuesday, the message was loud and clear: organic farming can reduce fertilizer cost and give a reasonably good yield. A test was conducted on 25 acres of land in which paddy variety of ASD19 has been raised using organic fertilizers by S.Ranganathan, Secretary of Cauvery Delta Farmers Welfare Association, and Vasudevan of Perugavazhndan village.

The yield was 2,530 kg per acre, which according to Mr.Ranganathan and agriculture department officials, was ‘reasonably good'.

With a view to popularising organic farming and urging more farmers to take to the practice in delta districts, the cultivation was taken up by Mr.Ranganathan on 25 acres of land. “I applied organic complex as basal fertiliser and organic plus liquid and Humic acid as top dressing. The organic fertilizer was supplied by TARI-Bio-Tech Horticulture farm in Thanjavur. The cost of fertilizer was less." he said.

That is, if 100 kg of 17:17:17 complex chemical fertilizer is applied, the cost will come around Rs.1,500 per acre. But for an acre, if 100 kg of organic complex is applied, the cost is only Rs.850. At a time when chemical fertilizer cost is exorbitant, organic fertilizers offer a viable option,” Mr.Ranganathan explained.

B.Chandrasekaran, professor and head, Soil and Water Management Research Institute, Thanjavur, said Tamil Nadu Agriculture University is a major producer of organic fertilizers and also propagates the products.

Organic fertilizers per se cannot be experimented at this juncture, as the production still leaves much to be desired.

Proper blend of chemical and organic fertilizers have to be tried. However, yield and crop condition will be good in fields where typical organic fertilizers are used. "We have to move towards using typical organic fertilizers gradually," Mr.Chandrasekar said.

Commenting that there are only a few recognised organic fertilizers manufacturers in the country, Mr.Ranganathan said the government should explore the possibility of introducing a proper certification process to identify more producers.

The twin objectives of using organic fertilizers are: maintaining soil health and health of consumers.

“It is also the answer to establish food security in the future,” Mr.Ranganathan added.

Kulandaisamy, proprietor of TARI-Bio-Tech Horticulture farm, said the farm had produced and supplied organic fertilizers for various crops, including paddy, sugarcane, coconut and other horticulture crops. Farmers on the field day session said that they felt encouraged to opt for organic farming. K. Mayilvahanan, Joint Director of Agriculture, Tiruvarur, and G.Chidambaram, Managing Trustee of Centre for Cauvery Delta Development Studies, participated in the function. Mr.Chandrasekar also released seeds of a short duration variety of paddy IET7564 called "PRASANNA" to farmers. The variety can be tried in Kuruvai and during summer in the delta districts.

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Sugarcane cultivation made easy through mechanisation

man and machine:Farm mechanisation demonstrated by NPKRR Cooperative Sugar Mills Limited, at Mayiladuthurai recently.

In the face of looming labour deficit afflicting agriculture , sugarcane cultivation has been equally hit pushing up the cause for mechanisation of cultivation practices. This was driven home at the recently concluded mechanisation demonstration organised by NPKRR Cooperative Sugar Mills limited at its cane field here in Mayiladuthurai.

Mini-tractors fitted with furrowers for de-weeding is seen as another step towards mechanisation in sugarcane farming practices after mechanised harvesters.

Speaking on the occasion, J.Indrajith, cane development officer, pointed out the labour deficit has had an adverse impact on sugarcane production, which affected harvest at the right period of maturity alongside other farm operations.

Over the course, all these factors have come to wean farmers away from sugarcane cultivation.

Farm mechanisation in sugarcane cultivation was made possible through mechanical harvesters that ensured maximum weight for mill-able canes, enabling maximum productivity.

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Advanced pulses cultivation programme

Advanced pulses cultivation programme has been introduced in 46 villages in the district this season. A total of 5,570 acres of land in the district has been brought under this system, said Collector K.S. Palanisamy.

He said that district administration had plans to implement the scheme in 50 villages this year. Rest of the villages in the district would be covered under this programme in the months to come. Pest resistant seeds and technologies for seed processing were also available with the agriculture officers.

He urged the farmers to avail them when necessary and added that integrated fertilizer management was introduced to farmers.

Paddy cultivation area using Systematic Rice Intensification programme has been expanded sizably in the first crop of the double cropping area in Cumbum valley.

“With introduction of SRI system, we have achieved highest yield per hectare in the State this season. It will be expanded further during the second cropping season.

A farmer in Chinnamanur had harvested 10,352 kg of paddy. Target for bringing paddy cultivation area under SRI system was 21,300 hectares of which 9,300 hectares have been brought under the system so far. Less quantity of seeds, line transplantation, use of farm equipment for removal of weeds and use of leaf chart that ensured minimum use of fertilizers had not only scaled down production costs but also increased quantum of production," Collector K.S. Palanisamy pointed out.

Timely issue of leaf colour monitoring card was very helpful for farmers in restricting use of fertilizers for paddy cultivation. Bumper yield from Theni district will balance the crop loss owing to Thane cyclone in northern district to a certain extent, he added. "We hope farmers will surpass the yield of the first season in the second season," he noted. Similarly, farmers achieved marginal increase in millet production also.

This, he said was possible as area under cultivation was also increased sizably and thanks to north east and south west monsoons there was no dearth of water supply. Sustainable Sugarcane Development Scheme will be implemented in 60 hectares. Rajshree Sugar Mills will identify farmers for this scheme, he pointed out.

Selection of farmers was under progress. Seeds will be given through sugar mill. A subsidy of Rs.25,000 per hectare will be given for water soluble fertilizers and 25 per cent subsidy for drip irrigation, he added.

Published: January 17, 2012 00:00 IST | Updated: January 17, 2012 04:25 IST

Youth develops solar sprayer for farmers

Ingenious idea:Collector N. Mukteswara Rao observing the solar sprayer developed by Bommagani Mallesh in Nalgonda.—Photo: SINGAM VENKATA RAMANA

Bommagani Mallesh (25) of Ambajipet in Mothkur mandal, who failed in SSC, has developed a solar sprayer for the benefit of farmers. He gave a demonstration of the device in Collector M. Mukteswara Rao's bungalow on Sunday, in connection with Sankranti festival.

He said the sprayer, which costs Rs.5,000, could be made available to farmers for Rs.3,000 if the government offered it on subsidy. It can also be used for charging cell phone when power supply is off.

The young man, who underwent a three-month training in solar energy and electronics at Sri Ramananda Teerth Institute at Pochampalli, has during the last 12 years developed systems to run with a remote control lights, fans, solar tricycle, and to stop/run the motor of an agricultural well depending on the water level. He is also credited with developing devices which switch on electric motors through cell phone SMS in coconut and mango plantations, for the benefit of farmers.

Struggles

The life of Mallesh has been full of struggle. His father brought him up and educated him while working as a labourer. His mother is suffering for the last 20 years with leprosy.

However, the personal troubles have not deterred him from striving to develop a bigger solar machine which can be used in sweet lime gardens. Such gardens abound in the district. Another device he is working on helps farmers in rooting out weeds in paddy fields. This device will do the work of ten labourers who usually cost ryots Rs.150 per person in an acre.

The Collector, while felicitating Mallesh with a shawl, said the devices developed by him should be made available to farmers. Veerashankar, NABARD Deputy General Manager, and Lead Bank Officer James were present.

hindustantimes

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HT Correspondent, Hindustan Times

New Delhi, January 16, 2012

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Inflation hits 2-yr low, but RBI may hold rates for now

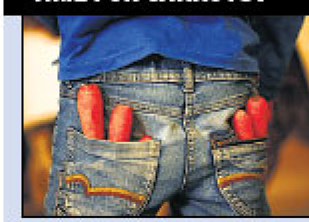
India's inflation rate fell to a two-year low of 7.47% in December pulled down by slumping food prices, but manufactured inflation continued to reign high, prompting economists to argue that Reserve Bank of India (RBI) may not slash interest rates at its monetary policy review next week.

Wholesale prices index (WPI) based inflation was 9.11% in November.

Non-food manufactured goods inflation also eased to a 5-month low of 7.7% — it was 7.9% in the previous month — but it still remains elevated, largely driven by a sliding rupee that has made most imported raw materials costly and knocked up prices of many finished goods produced in India.

"The RBI, while framing its monetary policy, will have to take into account not only the decline in food inflation and headline inflation,

TIME FOR CARROTS?



- Food cheaper, small relief
- Inflation fell to 7.47% in December from 9.11% in November.
- Inflation in manufactured goods was a 5-mth low of 7.7%, from 7.9% in Nov.
- It is still above RBI's comfort zone of 7%, largely due to the recent slide in the ₹
- Food inflation has been negative in the last two weeks.
- RBI will review the monetary policy on Jan 24.

but also factor in manufactured goods inflation," Prime Minister's Economic Advisory Council chairman C Rangarajan said.

The RBI has raised the repo rate — the rate at which bank borrow from the central bank — 13 times since March 2010 before signalling a pause last month. "There was never a strong case for a rate cut at the upcoming January 24 policy review, in our view," said Rajeev Malik, senior economist broking and research firm CLSA. "We maintain that the RBI will likely cut rates after the budget."

However, "a cut in the cash reserve ratio (CRR) should not be ruled out," he said. CRR is the proportion of deposits that banks have to park with RBI. The government exuded confidence that inflation will fall to below 7% by March.

"Moderation in inflation would continue in the coming months though softening in the prices of manufactured goods despite the rapid decline in non-food primary inflation may be more gradual," finance minister Pranab Mukherjee said.

http://www.hindustantimes.com/StoryPage/Print/797841.aspx

THE ECONOMIC TIMES

Commodities

18 JAN, 2012, 05.46AM IST, RITURAJ TIWARI,ET BUREAU

Good weather likely to boost mustard output

NEW DELHI: Cold spells and winter rains have boosted the prospects of a good mustard harvest in Rajasthan. Despite the fall in acreage by around 20%, the output is likely to touch last year's mark.

Rajasthan is the largest mustard producer, contributing to around 40% of the total output in the country.

According to the state agriculture department, the area under mustard in the state is 25.29 lakh hectare as against the target of 30 lakh hectare. Last year, the acreage was 29 lakh hectare.

"At the onset of the season, production had seemed to go down following warm weather. But a cold spell in the latter part of the crop cycle saved the day for mustard growers. Now the output is likely is to be around 32 lakh tonne, close to last year's production of 31 lakh tonne," says DD Jain, joint secretary of theRajasthan Mustard Oil Industries Association.

Mustard sowing in Rajasthan started in October. At the onset, farmers had to re-sow after the plants were damaged by high temperature. The recovery came only after a persistent cold spell in December, followed by rains in the latter half of January.

"Rains at this time have strengthened the plant and activated flowering. Morning and evening dew is good for the seed quality," said Ram Kumar Kaushik, a farmer in Bharatpur.

A good harvest coupled with a high carry-forward stock is likely to bring down the mustard prices. "Farmers have been holding the last year's output in anticipation of better prices. Now they will release the stock before the new crop hits the market. Seed availability will keep the price range-bound," said Rameshwar Maheshwari of Maheshwari Traders. Mustard prices in Jaipur spot market are in the range of Rs 3,600- 3,650 per quintal while the futures price (January 20) is hovering around Rs 3,750 mark.

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17 JAN, 2012, 07.22PM IST, MADHVI SALLY,ET BUREAU

Sunflower prices to be in the range of Rs 2800-3000 per quintal

AHMEDABAD: Punjab Agricultural University (PAU) scientist expect sunflower prices to be in the range of Rs 2800-3000 per quintal during May and June this year. "Increase in the minimum support price (MSP) of sunflower and firm prices of edible oil will ensure remunerative prices to farmers," said Dr Jagrup Singh Sidhu,in charge of the Agricultural Market Intelligence Centre (AMIC) of the Department of Economics and Sociology at Punjab Agricultural University.

The government increased the minimum support price (MSP) of sunflower from Rs 2350 per quintal in 2010-11 to Rs 2800 per quintal in 2011-12. The world sunflower production was about 30 million tones from about 23 million hectares of area during 2010.Ukraine was the largest producer of sunflower followed by Russia,Argentina, China, France and USA.

In India, sunflower occupies the fourth place among oilseed crops in terms of acreage and production.The area under sunflower in the country was 10 lakh hectares with a production of 6.5 lakh tonnes during 2010-11. Over 70% of the oil seed crop is sown across Karnataka, Maharashtra and Andhra Pradesh.

Growing population, good supply conditions and rising income levels of Indian consumers are likely to raise edible oil consumption levels to about 17 million tones of which 87 % is likely to be met through imports said Dr Sidhu. ""The vegetable oil deficit in 2011-12 is expected to be around 108 lakh tonnes,""he added. India imports about 90 lakh tonnes of edible oils which includes 70 lakh tonnes of palm oil, 14 lakh tonnes of soya oil, six lakh tonnes of sunflower oil and 15,000 tonnes of other edible oils.

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16 JAN, 2012, 05.50PM IST, MADHVI SALLY,ET BUREAU

Retail prices of pulses witness a decline

AHMEDABAD: Retail prices of gram, tur and Moong dal registered decline during the week ending on January 12, 2012 according to data monitored and released by the Department of Consumer Affairs.

Prices of most of the pulses declined at most the retail centres while at some centres these were steady. Prices of onion and tomato also registered a fall at most of the centres.

According to Ministry of Consumer Affair, Food & Public Distribution, prices of rice, wheat, flour, milk, groundnut oil, vanaspati and potato remained steady during the week while marginal increase was seen in the price of mustard oil and gur.

Prices of sugar during the week remained steady at all the reporting centres. At five centres namely Delhi, Ahmedabad, Rajkot, Mumbai and Tiruchapalli there was a decrease in the prices of sugar.

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16 JAN, 2012, 03.47AM IST, PK KRISHNAKUMAR & MADHVI SALLY,ET BUREAU

Poultry exports hit after flu outbreak in Odhisa, Meghalaya

KOCHI/CHANDIGARH: Poultry companies are exercising caution with the outbreak of bird flu in parts of Odisha and Meghalaya, though they think it could be temporary and may not spread to other regions. But egg exporters aren't lucky thanks to an export ban in place for the next six months.

Bird cull which began in the two states is expected to carry on for a few days. The two states have put a quarantine procedure in place.

Coimbatore-based Suguna Poultry, which has a market share of 15% in the Rs 600-crore poultry industry of Odisha, is watching the situation. Sales have not been impacted yet. "Our business is concentrated in Cuttack and Bhubaneswar, where the flu has not spread so far," said B Soundararajan, managing director of Suguna Poultry Farms.

Its supply to Meghalaya from its unit in Assam too hasn't been affected. Suguna is India's largest broiler chicken producer with about 70 lakh birds and claims to be the world's 10th biggest.

Andhra Pradesh, a major supplier of poultry products to Odisha, has seen a slowdown in sales. "We sell about 3 lakh hatching eggs and chicks to Odisha. This has been hit," said Ram Reddy, president of Andhra Pradesh Poultry Breeders Association.

Venkateshwara Hatcheries, which has a good presence in the Northeastern states, has stopped supplies as a precautionary measure. "We sell around 40,000 eggs a day to parts of the Northeast, of which Meghalaya accounts for around 15%. At the outbreak of the bird flu, we have stopped our supplies for the time being," said T Venkateshwara Rao, a director with the company.

The regions bordering Bangladesh have been susceptible to avian flu. "In the past seven months, poultry exports from India have been banned due to the outbreak of bird flu in West Bengal and the Northeast. We were just receiving export orders from Middle East countries when the Indian government confirmed bird flu. Exports will not be allowed now," said Poultry Federation of India president Satish Pal.

India export poultry products to the Middle East and Saarc countries from Andhra Pradesh, Karnataka and Maharashtra.

Sugar stocks fall court's farmers order

Agencies Posted online: Tue Jan 17 2012, 18:00 hrs

New Delhi : Shares of Uttar Pradesh-based sugar companies fell on media reports that Supreme Court of India has directed private sugar mill owners in the northern state to pay farmers in accordance with the special advisory price fixed by the state government, two institutional sales people said.

The reports said the Supreme Court directed mill owners to pay total dues of about 10 billion rupees to farmers for the two years to 2008. India's sugar season starts from Oct. 1 . Balrampur Chini and Bajaj Hindusthan were down 3.3 and 2.3 percent, respectively, in a market which was up 1.6 percent.

Asian hunger for US noodle wheat may bolster prices

Agencies Posted online: Tue Jan 17 2012, 17:23 hrs

Singapore : For the second straight year, Asia must rely on the United States and Canada for most of its top-quality wheat, as rains have cut the protein content in grain from traditional supplier Australia.

Asian nations are among the world's biggest buyers of the superior quality, protein-rich wheat that is used to make noodles, a staple food across the region. This hunger could support prices on the Minneapolis Grain Exchange, and widen spreads with the lower-grade soft wheat traded in Chicago.

Australia, the world's fourth largest wheat exporter, has been hit by unusually bad weather for two years in row, which has degraded the quality and quantity of its crop.

Last year, New South Wales and Queensland, the top prime hard wheat producing states, were inundated by floods which turned nearly half of the crop into feed-quality grain. This year, it saw an unseasonably cold and wet spring.

Analysts estimate production of Australian prime hard wheat at just half a million tonnes this year, down from an output of nearly two million tonnes in an average year.

The wet season has been very detrimental to the crop, a lot of protein wheat is not just milling quality, it will go into feed rations, said Ole Houe, director of advisory services at Sydney-based brokerage Advance Trading Australasia.

On top of that, we planted in very high moisture, he said. You get good yields but lower protein.

Because of the damage to the Australian grain, Indonesia and Japan, the world's third and fourth largest wheat buyers, are likely to seek more of the higher-protein, spring wheat from the

United States. Competing with them will be key Asian importers South Korea, Malaysia and Bangladesh.

Indonesia, Asia's top wheat buyer and one of Australia's biggest customers, is estimated to import 6.7 million tonnes in 2011/12, with most its high-quality milling wheat needs coming from the United States and Canada.

Japan and South Korea, which together account for more than 10 million tonnes of imports, are likely to follow suit.

PREMIUM QUALITY, PREMIUM PRICE

The prices of US grain reflect the anticipated contest for premium wheat.

Last week, Chicago soft wheat slid 3.6 percent to a four-week low after the U.S. Department of Agriculture projected global stockpiles will remain near record highs. But the premium Minneapolis spring wheat finished almost unchanged, supported by the tightness in global supplies.

When you look at wheat, it is two markets - one is high quality milling wheat with 12 percent and above protein level which is still reasonably tight, said Adam Davis, a senior commodity analyst at Merricks Capital in Melbourne.

Anything below 11 percent protein is surplus; it is trading close to corn, almost like falling into the coarse grain category.

MILLING WHEAT SUPPLY

The tight supplies in premium wheat come amid forecasts for dry, potentially crop-killing, weather in the Northern Hemisphere, which some analysts said can only mean even higher prices.

Minneapolis wheat prices weakened this month, but analysts said that was largely to do with funds rebalancing their portfolios, and little to do with actual demand.US wheat markets outperformed corn last week on weather-related worries.

Ultimately, it is the fundamentals that will stand, there is tightness in global high-protein wheat supply and we are seeing that in spreads, said Davis.

As a result of tight supply, Australian prime hard wheat with 13 percent protein is quoted at $350 a tonne free on board, compared with regular milling wheat offered at $230 a tonne.

A premium of around $120 a tonne for Australian hard wheat compares with the 10-year average of around $30. In the United States, dark northern spring wheat with 13 percent protein was quoted last week around $330-$335 a tonne versus $265 a tonne for hard red winter wheat.

Until November 2010, the maximum ever we had seen was $80 a tonne premium, said one Sydney-based dealer, referring to premiums in Australia. It blew to the maximum of $130 last year and it has stayed pretty high.A rally in the high-protein wheat market could give an opportunity to investors, stung by lower prices of grains and oilseeds since the beginning of the year. Corn and wheat have fallen more than 7 percent, while soybeans are down almost 2 percent.But some US analysts say a stronger US dollar and higher shipping costs could dampen exports from North America to Asia.It very may well be that we will be the seller of last resort because of the currency and the shipping costs, said Mike Zuzolo, president of Global Commodity Analytics and Consulting in Indiana.If we do see an increase, I think that would be a very key heads-up to the trade that we are running low on world supplies of high quality wheat.

Chilli, turmeric up on stockists buying

Agencies Posted online: Mon Jan 16 2012, 16:46 hrs

New Delhi : Red chilli and turmeric prices rose by Rs 100 per quintal in the national capital today on fresh buying support from retailers and stockists amid low stocks due to fall in supplies from producing belts.Red chilli and turmeric prices rose by Rs 100 each to conclude at 7,000-9,800 and Rs 5,300-8,700 per quintal, respectively.Traders said fresh buying support from retailers and stockists against fall in supplies from producing belts, mainly pushed up chilli and turmeric prices in the wholesale kirana market here.

The following are today's quotations:

Ajwain 12,000-16,500, black pepper common 31,400-32,500, betelnut (kg) 110-120, cardamom brown-Jhundiwali (kg) 640-740,and cardamom brown-Kanchicut (kg) 960-1,060.Cardamom small (kg): Chitridar 480-505, cardamom (colour robin) 490-530, cardamom bold 500-520, cardamom extra (bold) 640-760 and cloves (kg) 765-840.Chirounji (new) (kg) Rs 1,025-1,100 Dry mango Rs 7,500-13,500 Dhania Rs 6,500-8,500 Dry ginger Rs 8,500-15,500 Kalaunji Rs 9,500-10,000 Mace-Red (kg) Rs 1,700-1,800 Mace-Yellow (kg) Rs 1,850-1,950 Methiseed Rs 3,000-4,200 Makhana (kg) Rs 310-410 Nutmeg Rs 770-800 Poppyseed (KG Turkey) Rs 165 Poppyseed (KG MP-RAJ) Rs 170-215 Poppyseed (KG Kashmiri) Rs 150 Red chillies Rs 7,000-9,800 Saffron (kg) Irani Rs 90,000-1,00,000 Saffron (kg) Kashmiri Rs 1,30,000-1,42,000 Soanf-bold Rs 8,000-13,500 Turmeric Rs 5,300-8,700 Tamarind Rs 3,400-3,600 Tamarind without seed Rs 4,500-9,000 Tea (kg) Rs 80-280 Watermelon kernel (Kg) Rs 120 Jeera common Rs 14,700-14,900 Jeera best Rs 17,700-18,200.

Sugar output up 19% till Jan 15

Agencies Posted online: Tue Jan 17 2012, 17:46 hrs

New Delhi : Sugar production rose by 19 per cent at 10.45 million tonnes till January 15 of the current marketing year that started from October last year, according to the latest industry data.The country had produced 8.76 million tonnes in the same period of the 2010-11 marketing year (October-September).Sugar output has increased by almost 22 per cent in the three major producing states --Uttar Pradesh, Maharashtra and Karnataka -- till January 15 of the 2011-12 marketing year, according to data compiled by Indian Sugar Mills Association.The association attributed the increase in production in Maharashtra to higher crushing of sugarcane and also better recovery compared with the year-ago period.While recovery has improved to 10.71 per cent so far in the 2011-12 marketing year as against 10.25 per cent in the corresponding period of previous year, the sugarcane crushing in the state has been higher at 34.6 million tonnes as against 31.5 million tonnes in the review period.In Uttar Pradesh, the country's second biggest producing state, the output has increased due to early start of crushing operation and less diversion of cane for gur making, it added.UP mills have crushed 34.7 million tonnes of cane till January 15 of the 2011-12 marketing year against 27.1 million tonnes in the year-ago period.ISMA, however, pointed out that early crushing in Uttar Pradesh has affected recovery, which has come down to 8.49 per cent from 8.85 per cent in the review period.

As per ISMA estimates, the country is likely to produce 26 million tonnes in the 2011-12 marketing year as against 24.2 million tonnes in the previous year. However, the government has pegged the output at 24.5 million tonnes.

Business Standard

Wednesday, Jan 18, 2012

Wider window may come on sugar sale

Ajay Modi & Sanjeeb Mukherjee / New Delhi January 18, 2012, 0:17 IST

Pranab, Thomas promise open mind on reforming industry control.

Instead of the present system of deciding each month how much a sugar mill is to sell in the open market, the Union government may consider a three-month permission at a time.

There are two major levers the government has to control the sugar industry. One is to impose what is called the levy sugar mechanism, of deciding how much of its total output (currently a tenth) a mill must hand over to the government at a price set by the latter, for use in the ration shop system. The other is this system of deciding how much each mill may release in the open market each month, called the release mechanism. A penalty is levied if the set amount isn't sold.

NOT A SWEET PILL
* Industry wants government to remove all controls
* Mills want quarterly mechanism, which would give industry the freedom to plan sales and cash flows better
* Attempts to decontrol the industry were made in 1971-72 and in 1978-79. But the steps were rolled back

At a meeting last evening with finance minister Pranab Mukherjee, industry representatives argued the need to do away with both, the levy sugar obligation and the release mechanism (and to fix the final price of ethanol).

“A quarterly mechanism will give the sugar industry the freedom to plan their sales and cash flows better. This is not possible under a monthly mechanism. In the last week of most months, mills have to resort to pressure selling to avoid the quota lapsing,” said Abinash Verma, director-general of the Indian Sugar Mills Association (Isma), who attended the meet. He said Mukherjee assured them the demands would be discussed at the next meeting of the empowered group of ministers (EGoM) on the subject.

The meeting was attended by economic affairs secretary R Gopalan, financial services secretary D K Mittal, consumer affairs secretary Rajiv Agarwal, director general of foreign trade Anoop K Pujari, joint secretary (sugar) T Jacob and a joint secretary from the department of industrial policy and promotion. The industry was represented by Renuka Sugars managing director Narendra Murkumbi, Balrampur Chini managing director Vivek Saraogi, Dhampur Sugar managing director Gautam Goel and Isma president Gautam Goel.

Food and consumer affairs minister K V Thomas had recently said his ministry was open to a modified version of the release mechanism. Some positive development is expected at the next eGoM meeting (it is chaired by Mukherjee). “There are a host of issues to be looked into for initiating the process of decontrolling the sugar sector. I will soon discuss these with the finance minister," Thomas told reporters on Tuesday.

Vijay S Banka, chief financial officer, Dwarikesh Sugar, said the proposed change in the release mechanism would enable companies to plan sales and allow flexibility to sell the quota. He, however, added the government should preferably remove all controls, especially the levy obligation.

G S C Rao of Simbhaoli Sugars said a quarterly mechanism was certainly better, as companies would not be under pressure every month. But ultimate relief would only come by abolishing the release mechanism, he added.

Sugar is one of the most controlled industries. Attempts to decontrol it were made in 1971-72 and in 1978-79, and then rolled back. The government has over the years eased such controls in other major industries such as steel and cement.

Govt may withdraw onion MEP

Move to facilitate exports, though experts say flip-flop policy affects India?s credibility

Sanjeeb Mukherjee / New Delhi January 18, 2012, 0:02 IST

The continuous decline in onion prices has prompted the consumer affairs ministry to mull removing its minimum export price (MEP) for the time being. The idea is to enable exporters get better returns, even as analysts slam the government for its flip-flop policy on restricting outbound shipments of farm produce.

The move also aims to arrest the steady decline in onion prices, which have dropped sharply in recent times. The MEP for onion has already been brought down to $150 a tonne from $475 a tonne since September 9, when the ban on export was lifted. That was done in just 10 days, following strong protests by farmer groups and politicians in Maharashtra, the country's largest producer.

"We are in favour of a total withdrawal of onion MEP, as prices have declined sharply in the last few months, because of which there is no need for an MEP," a senior consumer affairs ministry official said.

Onion inflation, which had soared to 40 per cent in August, stood at minus 74.77 per cent during the week ended December 31 because of a bumper kharif harvest and increased area under rabi.

Officials said prices are plummeting across the country as kharif production is better than the last year. Onion prices at this point of time had catapulted food inflation to double digits in 2010.

A report from the Nashik-based National Horticulture Development and Research Foundation (NHRDF) said prices were below last year's level because of new crop arrival, as harvesting of the kharif crop in Maharashtra, Madhya Pradesh, Gujarat, Rajasthan, Karnataka and Andhra Pradesh is almost over. It is expected to get over in Haryana, Punjab, Bihar and Uttar Pradesh by the end of January.

"Also, the area under the rabi onion crop is expected to be better this year as compared to last year," the report said.

However, many believe this flip-flop in onion export price policy, just as in many other farm commodities, affects the market. Indian suppliers are then seen to be less credible.

"The government does not react according to the situation. If there is a crisis, they take a step in haste and then are slow to rectify it, long after the crisis has eased," said Ramesh

Chand, director, National Centre for Agricultural Economics and Policy Research.

He said one big reason why Indian farm products command less price in the international markets than competitors is that the country is never seen as a credible and long-lasting exporter of farm produce. Onion is a classic case.

“Other countries like China are regular exporters of farm commodities like onions, but in India, by the time we lifted the ban on export in September, most buyers had contracted their annual purchases and what we got was the residual market and that, too, at low prices,” said Chand.

In India, onion is cultivated four times a year, in the kharif, late kharif, rabi and late rabi seasons.

In 2011, onion production stood at 15.1 million tonnes, up 4.1 per cent from last year. In 2012, initial indications show production will be better than 2011. The crop is mainly cultivated in Maharashtra, Gujarat and Karnataka.

Sugar production up 19% till Jan 15

BS Reporter / Mumbai January 17, 2012, 19:38 IST

The sugar industry is steadily heading towards a bumper output this year. Till January 15 this year, total sugar output was recorded at 10.45 million tonne, a rise of 19%.

During the same period last year, total sweetener output was witnessed at 8.77 million tonne, a release from Indian Sugar Mills Association (ISMA) said.

Sugar producing states like Uttar Pradesh, Maharashtra and Karnataka have shown an increase of 22% over last year in their sugar production data, the release said.

Higher sugar production of Uttar Pradesh was mainly because of the fact that the sugar mills in the state had to start their crushing much earlier than usual, as directed by the state government. Arrival of gur in UP mandis was also less by about 17% till December 2011 compared to last year, which clearly shows lesser diversion of cane to local sweetener for manufacturing gur resulting in more cane availability to sugar mills for crushing.

Sugar mills in UP have crushed 347 lakh tonnes of cane till January 15 compared to 271 lakh tonnes. Though the quantum of cane crushing was higher, the early crushing affected the recovery which was lower at 8.49% compared to 8.85% last year.

The situation in Maharashtra is slightly different where the cane crushing was at 346 lakh tonne compared to 315 lakh tonne. But due to higher recovery of 10.71% achieved this year as compared to 10.25% last year, the sugar production is higher.

The state was expecting lower cane yield but the increase in area under cane and much higher sugar recovery compensates for the lower yield and the production in Maharashtra may be similar or higher to last year.

The number of sugar factories crushing was 516 compared to 498.

The industry has estimated a total sugar output at 26 million tonne this year as against 24.7 million tonne during the last season.

Meanwhile, ISMA Secretary General Abinash Verma met with the Finance Minister Pranab Mukharjee on Monday and apprised him with the problems faced by the industry due to control regime, periodical release and mandatory levy of 10% through the PDS.

He also stressed on the disproportionate cane price fixation system by the state governments without considering the viability issue for sugar mills.

20% cut in rapeseed oil output seen

Vikas Sharma / Chandigarh January 17, 2012, 16:46 IST

Rapeseed oil production in India this year is expected to be around 20% lower than last year, due to the decline in the area under cultivation. According to the Mustard Oil Producers Association (MOPA), against production of seven million tonnes rapeseed oil achieved last year, the output this year is pegged at 5.5 million tonnes.

MOPA President Babul Lal Data said the area under tarmira (rapeseed) this year has declined mainly in Rajasthan, the prominent rapeseed-mustard growing area in India.

While the area for mustard in the state this year is about 2.53 million hectares, area under rapeseed is just around 100,000 hectares, down from 500,000 hectares last year.

D P Khandelia, Chairman, Solvent Extractors Association (SEA) - Rapeseed–Mustard Promotion Council, said that rapeseed-mustard area this year is down 5% at around 6.53 million hectares, compared with 6.91 million hectares last year. Mustard along taramira is crushed to produce rapeseed oil.

Mustard oil producers maintain last year was golden period for rapeseed, since production reached was all time high of 7 million tonnes.

According to a SEA report, import of rapeseed oil during 2010-11 (November-October) was 11,000 tonnes compared with 14,000 tonnes in the corresponding period the previous year.

MOPA claims weather conditions, especially during November and December, have not been conducive for the rapeseed crop , but rainfall in January might help improve productivity.

Potato futures plunge 2.1% on increased supplies

Press Trust of India / New Delhi January 17, 2012, 11:53 IST

Potato prices plunged by Rs 15.70 to Rs 723.70 per quintal in futures trading today on increased supplies in the physical market against lower demand.

At the Multi Commodity Exchange, April potato plunged by Rs 15.70, or 2.12% to Rs 723.70 per quintal in business turnover of 88 lots.

The March delivery lost Rs 13.80, or 1.84% to Rs 735 per quintal in 640 lots.

Traders attributed the fall in potato futures prices to increased supplies in the physical market against lower demand.

Cardamom futures up on rising demand

Press Trust of India / New Delhi January 17, 2012, 11:51 IST

Supported by a rising demand due to marriage season, cardamom prices rose by Rs 6.60 to Rs 647.30 per kg in futures trade today.

Tight stock availability following less arrivals from producing regions further fuelled the uptrend.

At the Multi Commodity Exchange, February cardamom rose by Rs 6.60, or 1.03%, to Rs 647.30 per kg in business turnover of 1,457 lots.

The March delivery gained Rs 6.70, or 1.00% to Rs 675.40 per kg in 356 lots.

Traders said firming trend at spot market following pick-up in demand in the spot market in view of marriage season amid restricted arrivals from producing region mainly led to rise in cardamom prices at futures trade.

Jeera futures decline on profit-booking

Press Trust of India / New Delhi January 17, 2012, 11:46 IST

Jeera prices drifted by 0.65% to Rs 16,731 per quintal in futures trade today, as speculators booked profits at existing higher levels amid hopes of higher output following increased sowing in the current rabi season.

At the National Commodity and Derivatives Exchange, March jeera declined by Rs 109, or 0.65%, to Rs 16,731 per quintal, with an open interest of 7,014 lots.

The January delivery also lost Rs 99, or 0.62%, to Rs 15,823 per quintal, with an open interest of 2,568 lots.

Analysts said besides profit-bookings by speculators at prevailing higher levels, speculations of higher output on increased sowing in the current season, mainly led to the fall in jeera prices at futures market.

They said, however, some overseas demand, limited the losses.

Pepper futures up 1.43%

Press Trust of India / New Delhi January 17, 2012, 11:43 IST

Pepper futures shot up by 1.43% to Rs 31,850 per quintal today, as speculators built-up of huge positions, supported by lower crop estimates.

However, increased supplies from the new crop in the physical market, capped the gains.

At the National Commodity and Derivatives Exchange, March pepper surged Rs 450, or 1.43%, to Rs 31,850 per quintal, with an open interest of 1,119 lots.

The January delivery gained Rs 310, or 1.01%, to Rs 30,950 per quintal in 3,140 lots.

Analysts said the rise in pepper prices at futures trade was mostly attributed to speculations of lower crop estimates but increasing supplies from the new crop, restricted the gains.

Also, a pick-up in domestic spot market demand also influenced spice prices, they said.

Chana futures plunge 4% on supply pressure

Press Trust of India / New Delhi January 17, 2012, 11:40 IST

Chana prices plunged by Rs 133, or almost 4% to Rs 3,198 per quintal in futures trade today after speculators reduced their positions, triggered by increased arrivals from producing regions in the physical market against subdued demand.

At the National Commodity and Derivatives Exchange, January chana tumbled by Rs 133, or 3.99%, to Rs 3,198 per quintal, with an open interest of 80,920 lots.

The February delivery also declined by Rs 86, or 2.62% to Rs 3191 per quintal, with business volume of 80,680 lots.

Market analysts attributed the sharp fall in chana futures prices to adequate stocks position following increased arrivals from producing regions against lower demand.

Coffee exports decline 15% in Oct-Dec

Press Trust Of India / New Delhi January 17, 2012, 0:13 IST

India's coffee exports declined by 15 per cent to 58,598 tonnes in the first three months of the ongoing 2011-12 coffee year, according to the latest data.

The country had shipped 68,740 tonnes abroad in October-December, the Coffee Board data shows.

“Coffee exports from India were around 58,598 tonnes in the first quarter of the current coffee year (October-September),” a Coffee Board official said.

The data shows that exports from India declined by seven per cent to 20,000 tonnes in December, from 21,576 tonnes in the year-ago period after witnessing a rebound in November.

India’s coffee exports had surged by 22 per cent to 19,403 tonnes in November, from 15,927 tonnes in the corresponding year-ago period.

However, foreign shipment declined by 20 per cent to 19,195 tonnes in October, from 24,119 tonnes in the same period of the previous year.

Nevertheless, exports rose by 28 per cent to an estimated 350,000 tonnes in the 2011 calender year from 274,000 tonnes in the 2010 calendar year.

In FY11, abroad shipments of the brew rose by 50 per cent to 294,000 tonnes from 196,000 tonnes in the 2009-10 financial year.

However, the Board expects exports to be lower in the current financial year. The board estimates coffee exports to decrease by 14 per cent to 240,000-250,000 tonnes in FY12 from 294,000 tonnes in FY11.

India mostly exports coffee to Italy, Germany, Russia, Belgium and Spain.

Late rain hits tea crop

Ishita Ayan Dutt / Kolkata January 17, 2012, 0:10 IST

The price of tea has begun moving up, with late rainfall having affected the crop. Rising export and an increase in home consumption, of about 30 milion kg, less than the anticipated rise in year-end output, would add to the drawing down of stocks.

In October and November, prices had dipped by almost Rs 10 a kg from the same period last year, but good quality teas are now almost at the same levels as the same period of last year, an industry representative said. The average North India price is Rs 121 a kg, compared to Rs 126 a kg last year at this time, said McLeod Russel's chief financial officer, Kamal Baheti.

The spike, however, is not going to translate into an increase for packet tea. "Packeteers are more or less covered and don't depend on this tea for their blends," said Tata Global Beverages' vice-president, Kiran Desai.

October and November have been dry months for the industry. Till October, the crop was estimated to be higher by 33 million kg than the same time a year before, but this rise has now come down to 20-25 million kg, with the late rains. The industry is expecting to end the season with production of 990 million kg. Indian Tea Association (ITA) data showed that till October, estimated production was 847 million kg compared to 813 million kg in the corresponding period of last year. This is expected to change. "The gardens went for early pruning with the late rains and, hence, the higher crop was nullified to some extent," an industry official said.

There is not much pipeline stock and the stocks are likely to be exhausted by end-February. Concurrently exports have increased. “The cumulative deficit for the year is expected to be 45-50 million kg,” said the former chairman of Calcutta Tea Traders’ Association, Azam Monem. Till October, Kenya had lost about 23 million kg, while world tea production was down by 16 million kg.

Cotton output estimates likely to be reduced

Sharleen D'Souza / Mumbai January 17, 2012, 0:08 IST

The Cotton Advisory Board (CAB), in its meeting next week, may revise output estimates downwards for the current year. In the last meeting, it had estimated the crop at 35.6 million bales (one bale of 170 kg). It may now cut this by a million bales, said a source.

CAB is headed by the Union textile commissioner and comprises trade and industry representatives.

A couple of weeks before, the International Cotton Advisory Committee had cut global production estimates by nearly seven per cent to 24.9 million tonnes (mt) for the 12 months ending July from 26.8 mt a year earlier. Following this, the US agriculture department had also cut world cotton output estimates and said India would also produce less this season. It had said India’s output will be lower to 34.25 million bales from the earlier estimate of 35 million bales.

Low arrivals at this time are seen as a concern and indicate the late crop may have been affected in some parts and overall output may be lower. So far, only 60 per cent of the total cotton has come into the market. Traders say arrivals on a daily basis are around 200,000 bales, which should have been higher in early January.

The benchmark variety, Shankar-6 prices have risen from Rs 34,000 a candy (1 candy = 356 kg) to Rs 37,800 a candy, up 11 per cent in the last two weeks.

Cotton Corporation of India started buying the crop last week, but not in a big way, said an official.

“Currently, high export demand from China is supporting prices,” said Rahul Kotecha, a Coimbatore-based trader. Export demand has picked up from major textile hubs like China, Bangladesh, Taiwan and Indonesia. China’s December cotton imports rose 71 per cent year-on-year to 790,000 tonnes and the country will soon issue another import quota of 1.1 mt.

Demand from cotton yarn manufacturers also increased in the last couple of weeks.

Sources said so far 4.6 million bales had been exported and by March-end 5.5-6 million bales were expected to be exported. “I feel more than five million bales of cotton has been registered for exports so far,” said a source with a government body.

THE HINDU Business Line

Food inflation is a structural problem

Shashanka Bhide

Shashanka Bhide

The various explanations for high food inflation that unfolded and endured in the past year and a half, would suggest that the sudden decline in the rate of food inflation should be viewed merely as a respite. Although unfavourable weather conditions did play a role in food prices, structural factors were also significant.

The stubbornly high food prices have raised a number of questions about inefficient marketing systems, weak storage infrastructure and stagnant productivity. While solutions to these constraints were expected to take some time, something else seems to have led to the decline in food inflation rate. A relief in price scenario would not have come without either an increase in supplies or weakening of demand. We are perhaps looking at both these developments.

The arguments pointing to the rising demand for food to items beyond just the grains were particularly compelling; the high income elasticity of food and the rising income levels were a good explanation for the faster growth in demand than ever before. In this context, it comes as a pleasant surprise to consumers that supplies have caught up so soon.

If higher supplies have come from re-allocation of resources, particularly land, from other crops to those crops where price rise was sharper, then the supplies of the former will come under pressure. Therefore, unless unfavourable weather was the predominant cause of high food inflation, the watch on food prices will have to continue.

VIGIL ON PRICES

The relief in food inflation rate in the last few weeks has been significant. Seasonal factors, along with the prospects of better prices, may have led to increased supplies. In any case, high or remunerative prices would be needed for farmers to keep producing more. It is to be seen if farmers gained from high prices as well.

Marketing arrangements in the supply chain regained policy attention as farm prices rose. FDI in retail is only a pointer to the rising importance of marketing chains for perishables in agricultural policy. The issue is not just marketing efficiency, but also market infrastructure. Improvement in marketing infrastructure requires investments. It is necessary to get all these pieces of the food markets puzzle in place to deliver food to the consumers at an affordable price.

The policy dilemma in the context of food production and consumption is an old one. Farmers need higher prices to produce more, and consumers cannot keep paying more for food. Government interventions to increase production do not necessarily mean lower prices to the consumer, although production does increase. Unless income also increases, the consumer would then have to be compensated in some other way for more expensive food.

STORAGE AND INSURANCE

What is significant about the high food inflation in 2010 and much of 2011 is that there were several commodities which contributed to high prices: pulses, sugar, milk, eggs, fruits and vegetables. An important feature of several of these commodities is their short shelf-life. The sensitivity of supply or demand fluctuations on prices under these conditions is obvious.

The need for reducing fluctuations in prices is important for both consumers and producers. There are incentives on the supply side to reduce output fluctuations, as also on the consumption side. These incentives are likely to drive other service providers, such as storage and insurance. Policies to encourage development of these services would help in reducing price fluctuations.A number of initiatives are under way, including direct marketing of produce by the farmers to urban centres. Continued support for improved infrastructure for transport and storage, including removing barriers that slow down movement, should form the core of government policies.In order to balance the interests of producers and the consumers, the government should focus on measures that will have longer-term impact on supplies, and not merely the adjustments in export and import options or restrictions on stocks held by the traders.The unfolding changes in the food economy also point to the scale of the problem. The price rise was not limited to one or two centres of consumption. The weak marketing infrastructure is not an issue that needs to be resolved only in major urban centres.As income levels increase, the consumer may be willing to pay more for infrastructure that reduces supply uncertainties. But supply-side constraints will determine how much of which food would be produced.The recent decline in food prices has not diminished the need for sustained supply-side measures.

(This article was published in the Business Line print edition dated January 18, 2012)

Krishidhan acquires tech for pelleting, encrusting seeds

Pune, Jan. 17:

Krishidhan Seeds Pvt Ltd, one of the top few players in the Rs 8,000-crore strong seeds business in India, has rationalised and consolidated its product line and will stick to the higher end of the market.

Under this new strategy, the company has launched pelletted seeds of tomato and chillies and encrusted seeds of onion in the Indian market. It has plans to introduce these for vegetables such as cabbage and capsicum as well in the near future.

It has acquired the technology for the pelleting and encrusting process from a European company.

“For the last year we have stopped dealing in notified seeds. We will operate only in our own hybrid variety of seeds, and have also closed the guerrilla and me-too lines of business,” Mr Sushil Karwa, Managing Director, Krishidhan Seeds, said.

He said that the number of trade partners has been pruned down from 2,000 to 800, while the geographic area of sale had also been consolidated.

Following the re-organisation, Krishidhan will restrict itself to selling seeds of Bt cotton, which accounts for 60 per cent of its revenue, and corn, pearl millet, wheat, soya, paddy and pulses. “With sales of 20-22 lakh packets of Bt cotton seeds till July 2011, our share in this segment was 5 per cent,” says Mr Suresh M.R., Executive, adding that this year, the company was targeting sale of 40 lakh packets for a 10 per cent market share.

Another new line of business Krishidhan has recently entered into is the sale of micronutrients and has received an order to supply the product manufactured by the gluconate technology over a period of three years.

“The first consignment of the order, valued at Rs 200 crore, was despatched last week,” Mr Karwa said.

(This article was published in the Business Line print edition dated January 18, 2012)

Spices meet to provide update on EU norms

Mumbai, Jan. 17:

The Indian Spice and Foodstuff Exporters' Association will organise its first-ever trade meet on spice and agricultural produce in Mumbai on January 31.

The meet will provide first hand knowledge on EU quality standards and regulations governing spices exports to their country, said Mr Yogesh M. Mehta, Chairman of the association. Leading international luminaries will attend.

Legal issues

Mr Gerhard Weber, Secretary-General, European Spice Association, will speak on legal requirement, covering principles, contaminants legislation, increased import control legislation and quality demands of herbs and spices entering the European market with special emphasis on pesticides legislation, referral labs and referral procedure.

Quality standards

Mr Marcel Bruggeman, Deputy Director, Nofa Labs-Holland, will present his assessment on standards of Indian and European laboratories, giving an overview on test report on pesticides and aflatoxin issued by Indian lab and referral labs in Holland.

He will also share his thoughts on spot contamination and remedy.

Mr Ian Hart, Managing Director, the Public Ledger, London, will speak on major spices, with respect to output, demand and prices (both current and future). There will be special emphasis on sesame and peanuts.

Mr Kannan, Executive Director, International Pepper Community, Indonesia, will deliver a lecture on pepper.

Dr A. Jayathilak (IAS), Chairman, Spices Board, will be the Chief Guest.

output

Mr Nimish Vora, Secretary, ISFEA, said India is a hub for international spice trade with about 40 per cent global market share.

India's total spice production was at 50 lakh tonnes (equivalent to Rs 55,000 crore) of which 5 lakh tonnes (Rs 5,500 crore) were exported last fiscal, said Mr Vora.*suresh@thehindu.co.in*

(This article was published in the Business Line print edition dated January 18, 2012)

Meet to discuss role of biotech in agriculture sector

Our Bureau

Sensitive issue: Prof Gregory Graff of Colorado State University; Prof Ronald J. Herring of Cornell University; and Prof Manoj Panda, Director, Centre for Economic and Social Studies; briefing the media in Hyderabad on Tuesday on ‘Biotechnology In Indian Agriculture – Performance , Potential and Concerns'. — P.V. Sivakumar

Hyderabad, Jan. 17:

A two-day international seminar starting here from Wednesday will debate whether biotechnology can help Indian agriculture achieve higher growth *vis-à-vis* concerns of bio-safety and environmental impact of transgenics.

International experts, Indian policy-makers, administrative representatives, NGOs and farmers will be seeking to answer a wide spectrum of questions relating to biotechnology.

The debate will be in the perspective of the still-lingering doubts on profitability, sustainability, bio-safety and environmental impact of transgenics.

The event is being hosted by the Centre for Economic and Social Studies, Hyderabad, International Food Policy Research Institute, and the Andhra Pradesh Government.

Prof. Abhijit Sen, Member, Planning Commission, will deliver the inaugural address. Ths the tenth year of introduction of Bt cotton in India.

“Is this technology profitable to farmers? What kind of social and political impact it can have on farmers? These and other questions will be discussed at the seminar. It is also essential to debate on the technologies in trial stage like Bt brinjal and Bt corn,” Prof. Manoj Panda, Director of the centre, told mediapersons here.

Prof Ronald Herring from Cornell University, New York, who will be delivering the keynote address, said after the Bt brinjal experience in India, immediate prospects of introduction of biotechnology for food crops in India appear “cloudy” at this stage.

Other issues that will be discussed include utilisation of other biotech tools like genomics and bioinformatics, tissue culture and cloning; interventions needed to have an inclusive impact; and regulatory needs.

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Spot rubber gains on cues from futures

Kottayam, Jan. 17:

Domestic rubber prices strengthened on Tuesday. In spot, the prices firmed up tracking the overall gains in the domestic and international futures. Sellers stayed away, expecting a short-term recovery in the market while covering purchases at lower levels kept the commodity firm during the session. There were no fresh enquiries from major consuming industries, sources said. The trend was partially mixed and volume slightly better.

Sheet rubber improved to Rs 190 (187.50) a kg, according to traders. The grade increased to Rs 189.50 (187.50) both at Kottayam and Kochi, as reported by the Rubber Board.

The February series recovered to Rs 195.90 (192.47), March to Rs 199.75 (196.42), April to Rs 206 (203.24), May to Rs 209 (206.55), June to Rs 206.50 (203.30) and July to Rs 204.01 (201) a kg on the National Multi Commodity Exchange.

RSS 3 (spot) firmed up to Rs 179.71 (176.43) a kg at Bangkok. The January futures for the grade bounced back to ¥ 273 (Rs 180.90) from ¥ 263 a kg during the day session but then remained inactive in the night session on Tokyo Commodity Exchange.

Physical rubber rates (in Rs/kg) were: RSS-4: 190 (187.50); RSS-5: 183 (181); Ungraded: 180 (177); ISNR 20: 185 (183) and Latex 60 per cent: 107 (107).

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Guar complex crashes as NCDEX imposes special margin

M.R. Subramani

HAMMERED*

Guarseed			Guargum		
Contracts	Price	change	Contracts	Price	change
Jan	9,974	-415	Jan	33,003	-1,375
Feb	10,123	-421	Feb	33,510	-1,396
March	10,247	-426	March	33,145	-1,381
Apri	9,981	-415	April	33,515	-1,391
May	10,252	-259	May	33,562	-1,262
June	10,230	-426	June	34,200	-1,015
July	10,391	-212	July	34,406	-1,064
Spot (Jodhpur)	9,892	-1,520	Spot (Jodhpur)	33,178	-2,256

*Prices Rs/quintal Source: NCDEX

Chennai, Jan. 17:

A move by the National Commodities and Derivatives Exchange (NCDEX) to further raise the additional margin on the guar complex resulted in guarseed and guar gum prices crashing on Tuesday.

Besides, the exchange also said that traders would not be allowed to take fresh positions in January contracts, though they would be allowed to square off their positions.

The additional margin of 20 per cent on guarseed and guar gum will come into force from Wednesday, taking the total margin that has to be paid on taking position in the complex to 73 per cent. Of this, 60 per cent is special margin imposed by NCDEX since the complex has been rallying without any break since November.

“The special margin of 60 per cent will have to be paid in cash. This has resulted in prices crashing,” an official of Angel Commodity Broking Pvt Ltd said.

This means if an investor buys one unit of guarseed or guar gum, he/she will have to pay Rs 8 lakh in cash upfront. One unit of guarseed is 10 tonnes, while one unit of guar gum is five tonnes.

The drop in futures market affected the spot market badly with prices of guarseed plunging by 13 per cent and that of guar gum by seven per cent. In contrast, the futures in the complex dropped by the maximum permissible limit of four per cent.

Reason for rally

The guar complex has been on fire on speculation that guar production this year will be at 12.1 lakh tonnes against 15 lakh tonnes last year. A major reason for the rally has been due to higher exports of guar gum.

According to the Agricultural and Processed Food Products Export Development Authority, guar gum exports increased to 2.85 lakh tonnes during April-September this fiscal fetching Rs 3,710 crore. During the same period a year ago, exports were 1.7 lakh tonnes fetching Rs 1,082 crore.

A crop of 12.1 lakh tonnes will result in 3.63 lakh tonnes guar gum against 4.5 lakh tonnes last year. Since guar production in 2009 was an abysmal 2.5 lakh tonnes, the carryover stock has been negligible.

This is seen behind the current rally. However, the price rise has taken toll on consumption, especially the food, textile and paper industries.

Guar, a leguminous crop, is primarily grown in Rajasthan, besides Haryana, Punjab, Gujarat and Madhya Pradesh. Rajasthan accounts for 70 per cent of the crop in the country.

Guarseed is a raw material for producing guar gum. Guar gum is used as a thickening agent and additive in food products such as instant soups, sauces, processed meat products, baked goods, milk and cheese products, yoghurt and ice-creams. It has industrial applications in the paper and textile sectors, ore flotation, explosives manufacture and fracturing of oil and gas formations. India is the major producer of guarseed and gum, accounting for 80-85 per cent of the global supply.

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Apex Court upholds UP's State advised price for sugarcane

Ruling for 2006-07, 2007-08; Rs 1,100-cr burden for mills

New Delhi, Jan. 17:

Sugar mills in Uttar Pradesh have to shoulder an additional burden of over Rs 1,100 crore after the Supreme Court upheld the State Government's State Advised Price (SAP) for 2006-07 and 2007-08 seasons.

The court on Tuesday quashed the interim relief order and directed the mills to pay the dues arising from the difference between the SAP and the cane price they had actually paid within three months. The UP Government had fixed the SAP at Rs 125 a quintal for both years. Millers had at that time gone to the court and got an interim relief to pay a lower rate by Rs 15/quintal.

"The interim order has been quashed and for 2007-08; we expect the incidence to be approximately Rs 1,100 crore by virtue of this order," an official with Indian Sugar Mills Association (ISMA) said. The UP sugar mills had crushed approximately 750 million quintals of cane in 2007-08. For 2006-07, the quantum of incidence is not known as the number of mills benefited by the interim order is not known yet, ISMA said.

Sugar scrips slide

Following the Apex Court order, equities of UP-based sugar mills such as Balrampur Chini and Bajaj Hindustan fell on the bourses. Balrampur Chini touched an intraday low of Rs 38.70 on the BSE before closing at Rs 39.25, a loss of 3.68 per cent over the previous close. Similarly, Bajaj Hindustan ended 2.78 per cent lower at Rs 29.60, while Triveni Engineering and Industries Ltd shed 4.58 per cent to close at Rs 17.71.

Tuesday's order will create an additional burden for sugar mills that are already reeling under the impact of the high SAP for the 2011-12 season that began in October. As cane crushing goes on in full swing in UP, cane arrears have already started building up as mills exhaust their credit lines.

Significantly, the Apex Court on Tuesday also referred its 2004 decision upholding the State Government's right to fix the SAP to a larger seven-member bench. The sugar mills had challenged the legality of the powers of the State Governments to fix the cane price. The mills had claimed that the 2004 judgement of the Apex Court was virtually contradictory to another judgement of the same court.

This was considered by the three-judge bench, which was of the view that since the 2004 judgment came from a 5-judge bench the matter may be considered by a larger bench i.e. the Constitution Bench comprising seven judges. “This is a welcome judgement and definitely it would be beneficial for the sugar industry,” the ISMA official added.*vishwa@thehindu.co.in*

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Sugar output up at 10.45 mt

New Delhi, Jan. 17:

Sugar production in the current 2011-12 season till January 15 is up by about a fifth to 10.45 million tonnes (mt), according to the Indian Sugar Mills Association. In the corresponding period last year, sugar output stood at 8.76 mt. About 516 factories have stated crushing against 498 in the last year.Key sugar producing States such as Uttar Pradesh, Maharashtra and Karnataka have registered an increase of around 22 per cent for the period. UP, the second largest producer state has crushed about 34.7 mt of sugarcane till January 15 as against 27.1 mt in corresponding period last year.Despite an increase in sugarcane crushing, the recovery is lower at 8.49 per cent as against 8.85 per cent, as mills started crushing earlier after being directed by the State Government.Cane crushing in Maharashtra was up at 34.6 mt as against 31.5 mt. Recovery was also higher at 10.71 per cent as against 10.25 per cent last year. Maharashtra is expecting lower cane yield but the increase in area under cane and much higher sugar recovery compensates for the lower yield and the production in the State may be similar or higher to last year, ISMA said.

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Chana futures hit lower circuit on weak demand

Indore, Jan. 17:

Chana in Indore mandis crashed by Rs 75-100 a quintal to Rs 3,250-3,275 a quintal (Rs 3,325-3,350) on slack buying support on Tuesday. It hit the lower circuit on the futures market. Chana (desi) declined to Rs 3,200 a quintal (Rs 3,275-3,300) on weak demand. Around 50 bags of new chana (kanta) arrived from Ujjain, Barnagar and Khachrod. Though arrival of new chana have picked up in Maharashtra and Karnataka, they remain scarce in *mandis* in Madhya Pradesh and, according to trade sources, will pick up only from the second week of February. According to latest estimates of the State government, chana yields in Madhya Pradesh this year will go up. This, according to local wholesale chana merchant Mr Sanjay Bansal, makes any bullish trend in chana unlikely. In fact, he said chana prices may fall below the minimum support prices.

Weak chana also dragged down its dal, with chana dal (average) declining to Rs 3,900-3,925 a quintal (Rs 4,000-4,025), chana dal (medium) to Rs 4,000-4,025 (Rs 4,125-4,150) and chana dal (bold) to Rs 4,200-4,225 (Rs 4,300-4,325).

Old dollar chana or chickpea was unchanged at Rs 7,800-8,200 a quintal, while the new one was quoted at Rs 8,400. In local mandis, 250-300 bags of new dollar chana arrived. It may decline in the coming days as crop prospects are good and arrivals will rise, traders here said.

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Groundnut, cottonseed oils may fall on limited buying

Rajkot, Jan. 17:
Groundnut and cottonseed oils may drop as demand from brand-makers is limited and as retailers wait for a further fall in price, an edible oils broker said on Tuesday.

In Rajkot and Saurashtra, loose groundnut oil traded at Rs 1,020-1,025 for 10 kg, a new 15-kg tin at Rs 1,655-1,660 and a 15-kg *telia* tin at Rs 1,570-1,575. Around 70-80 tonnes of groundnut oil were traded in Saurashtra.

While 40,000 bags of groundnuts arrived in Rajasthan, 22,000 bags arrived in Saurashtra. Hand-picked and selected nuts quoted higher. Bold groundnut of 50-60 count was up Rs 500 at Rs 64,000 a tonne, while the 40-50 count increased by Rs 250 to Rs 65,500. While bold nuts sold at Rs 749-854 for 20 kg in the agricultural produce marketing committee here, small nut traded at Rs 736-860.

Cottonseed oil was. A 15-kg new tin was traded at Rs 1,080-1,090 and wash quoted at Rs 612-615 for 10 kg. About 400-425 tonnes of cottonseed oil was traded here.

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Ample supply puts sugar under pressure

Mumbai, Jan. 17:

Sugar prices ruled weak on Tuesday as the market witnessed ample supply and steady local demand on Tuesday. Spot prices on the Vashi wholesale market declined by Rs 5 for fair quality stocks, while fine quality goods ruled unchanged.

At the Naka and Mill tender level, rates dropped by Rs 10-20 a quintal. The volume was routine. Transport charges increased by Rs 5 a bag in last two days. The sentiment was steady, said traders.

Prices were pressured by limited mid-month local demand and continued selling at current rates by some producers brought more supplies to the market, said a wholesaler. Sugar futures, on a declining trend, weighed on sentiment. Sugar futures were down by Rs 20-25 till noon.

Despite reports of lower-than-expected production in Maharashtra, sugar prices have not been affected due to overall higher production this year and absence of neighbouring states' buying and less chances of exports.

Meanwhile arrivals in Vashi market was 52-54 truckloads and local dispatches were around 47-48 truckloads. On Monday, 20-22 mills offered tenders and sold about one lakh bags in the range of Rs 2,760-2,840 (Rs 2,780-2840) for S-grade and Rs 2,860-2,940 (Rs 2,870-2,940) for M-grade.

Bombay Sugar Merchants Association's spot rates:S-grade ruled at Rs 2,892-3,001 (Rs 2,896-3,001) and M-grade at Rs 2,976-3,092 (Rs 2,98-3,092).

Naka delivery rates:S-grade Rs 2,840-2,890 (Rs 2,860-2,900) and M-grade Rs 2,940-3,050 (Rs 2,940-3,050).

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Coconut oil weak on offloading by traders

C.J. Punnathara

Kochi, Jan. 17:

Weakness continued to persist in the coconut oil market and the expected recovery during the Pongal season did not materialise.

The pressure on the coconut oil market, reeling under poor demand, was further compounded by weakening prices in other edible oils. Prices of competing oils such as palm oil and palm kernel oil fell by 10-15 per cent last week, sources in the trade said. Coconut oil fell to Rs 75 a kg in the Kerala market, down from Rs 78 last week. In Tamil Nadu, prices fell further to Rs 72 a kg from Rs 75 last week. Palm oil prices, meanwhile, eased to Rs 58 a kg from Rs 61, even as palm kernel oil fell to Rs 72 a kg from Rs 76 last week.

Low demand

The prime reason for the price fall was the low demand from the Kerala market. This virtually led to panic sales in Tamil Nadu, resulting in a further fall in coconut oil prices.

Industrial demand also weakened as traders began offloading their inventories in the market. When weakness manifests in the market, the industrialists have a tendency to shy away, leading to further weakening of the price.

Moreover, the companies have built sufficient inventories and further demand is likely to manifest only at the start of the summer sales, trade sources pointed out.

Futures contract

Indicating the likely trend ahead, coconut oil futures dipped to Rs 7,300 a quintal for the January contract, Rs 7,550 for February and Rs 7,600 for March. There are hardly any positive triggers in the coconut oil market at present.

The lean season in coconut production has set in over Kerala and would continue until March. Production is expected to pick up from April/May and continue until June-July. But the bulk of Kerala's raw coconut goes into cooking and very little of it gets converted into copra and coconut oil.*cj@thehindu.co.in*

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Flour demand keeps dara wheat firm

Karnal, Jan. 17:

Dara wheat prices continued to rule firm on Tuesday on steady demand.

Following good domestic demand for flour, interest in *dara* wheat remained firm, said Mr Sewa Ram, a wheat trader. Prices have been ruling firm since last weekend and it may continue to until the FCI releases its stocks, he added.

After witnessing a good rally last weekend, *dara* ruled almost unchanged and quoted at Rs 1,210-1,225 a quintal.

In the physical market, around 75 tonnes of *dara* variety arrived from Uttar Pradesh and stocks were directly offloaded at the mills. Mill delivery was at Rs 1,210 a quintal.

Quality seed was ruling at around Rs 1,220 a quintal, while delivery at *chakki* was at Rs 1,225 a quintal.

Similarly, *desi* wheat varieties remained almost unchanged. Samrat quoted at Rs 1,900 a quintal and Red Rose at Rs 2,220.

On the National Commodity and Derivatives Exchange, wheat for January delivery rose by Rs 3 to Rs 1,240 quintal. On the MCX, wheat spot prices increased by Rs 2.5 to Rs 1,267.5 a quintal.

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