THE HINDU

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I had to tread cautiously due to political compulsions: Pranab

Special Correspondent

PTI Union Finance Minister Pranab Mukherjee arrives at Parliament to present the Union Budget 2012-13, in New Delhi. File photo

The Finance Minister told industry leaders that "many of things which could have been done, rather should have been done, could not be done just at the time of the Budget".

Finance Minister Pranab Mukherjee on Sunday asserted that tackling the problem of rising fuel subsidies and the need to hike oil prices would have to be taken outside the budget during the new fiscal year in consultation with all political parties and stakeholders.

In a candid interaction with India Inc. in his customary post-budget meeting with captains of industry and apex chambers here, Mr. Mukherjee rebutted criticism of the budget not being bold on reforms and the government having lost an opportunity, saying he had to be “extra careful” owing to political compulsions of Parliament and coalition politics.

“Knowing the mood of the persons who matter here [in Parliament], I had to be extra careful and I had to make my colleagues extra careful. Therefore, many of the things which could have been done, rather should have been done, could not be done just at the time of the budget.”

Mr. Mukherjee told corporate honchos that he had to be alert to the prevailing “ground realities” in view of the quick policy shifts among the political parties where a “decision taken in one House is reversed or changed within 24 hours, when the same proposal approved by one House comes to the other House.”

With the Trinamool Congress seen as a difficult partner in the UPA coalition government, Mr. Mukherjee was evidently hinting towards the evolving numbers game in the Lok Sabha, apart from the Upper House (Rajya Sabha) where it does not enjoy a clear majority.

Intending to cap the subsidies at two per cent of the Gross Domestic Product (GDP) and proposing to bring it down to 1.75 per cent over a three-year period, the budget has pegged the total outgo at Rs. 1.79 lakh crore for 2012-13, which is much lower than the spending of Rs. 2.08 lakh crore during the current fiscal. Clearly, the allocation would not suffice and steps will have to be taken to tackle the problem.

“However, the budget is not the only avenue to sort this out. I know there are certain sectors, where we shall have to address the issues and budgetary exercise is not the only exercise. There are other administrative and outside budget decisions to be taken ... bringing the political parties, State governments on board and that cannot be [done] only through budgetary exercise,” Mr. Mukherjee said.

Explaining that a collective decision would have to be taken on the issue of oil prices sooner than later, he said: “I am putting this question bluntly in respect of fuel subsidies...Can a country afford to import 100-120 million tonnes of crude [at high] prices?...That very question is looming large...We shall have to collectively address this issue…There are various suggestions, we are working on it...I would like to involve all the stakeholders, bring them on board to take the corrective decision.”

As for the grievance over high interest rates leading to low growth and slowdown in investment, Mr. Mukherjee told industry leaders that the government was expecting a lowering of rates in the coming months by the Reserve Bank. “The fact that core inflation has moderated in the past three months and that in coming months we are looking at reversal in the policy rates should help in improving sentiments,” he said.

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Paddy procurement runs into rough weather

Staff Reporter

The Hindu A boatman brings ashore near Nedumudi harvested paddy from faraway fields in Kuttanad, Alappuzha on Saturday. Photo: Dennis Marcus Mathew.

A rare abundance of combine harvester machines, an encouraging yield and a high-speed harvest process had marked the first couple of weeks of the ‘puncha’ (Kharif) harvest in Kuttanad this season, giving the farmers a glimmer of hope. However, as if no paddy season in the region will be bereft of trouble, the smooth progress of paddy procurement has now been hit by a severe shortage of labour.

The shortage of loading workers to move the harvested paddy from the fields to lorries in some areas, the total absence of workers to move the crop from fields to boats in the remote areas, inadequate number of boats and lorries and on top of all these, a sudden demand from the small number of available workers for higher wages are all combining and threatening to make the season turn sour for the farmers.

According to Principal Agriculture Officer B. Nalinakumar, the shortage of combine harvester machines, which had affected the harvest last season, was solved this time around with adequate number of machines arriving in Kuttanad as the harvest, which began in mid-February, progressed. This enabled fast harvesting, with the process already over in over 12,000 hectares out of the total cultivated ‘puncha’ acreage of 27,000 hectares.

But with the Civil Supplies department, in charge of the procurement process, finding it unable to match the speed of the harvest, mainly due to the shortage of labourers and transport modes, the entire process looks like swerving off the tracks, more so with summer rains threatening to strike any moment.

“Simultaneuous movement of the harvested crop, from the field to lorries or boats, and from there to the contracted rice mills, is not happening at the desired pace, which is why the farmers are a worried lot, more so because the rains are round the corner,” Mr. Nalinakumar said.

The Agriculture department, the Labour department and other quarters concerned are making efforts to find solutions, he adds, pointing out that if immediate solutions remained distant, it would be a major loss to the region since the yield this time was over six tonnes per hectare, compared to the usual five tonnes per hectare.

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Farmers default on tractor loans

R. Arivanantham

Over 90 per cent of the farmers who had availed themselves of loans for purchasing tractors and tillers were wilful defaulters, said N. Arumugam, Chief Manager, State Bank of India main branch in Krishnagiri on Saturday.

Mr. Arumugam told *The Hindu* that the main reason for the default was that many farmers who took loans were expecting loan waiver from the government.

Farmers should change this kind of mindset; the banks are extending a helping hand to them to improve agriculture and their standard of living. They should also understand that only public money was disbursed as loan to them on priority basis.

UDHAGAMANDALAM, March 19, 2012

Tea awards: evaluation begins

The first-level evaluation of the teas entered for The Golden Leaf India Awards: Southern Tea Competition (TGLIA: STC) was held at the United Planters Association of Southern India (UPASI) in Coonoor on Saturday.

C. Shreedharan, convener, organising committee, said that the response to this year's competition, which was the 8th edition, was overwhelming. The theme for the 8th edition was ‘Quality and volume'. Accordingly, a back-up quantity of 2 tonnes for orthodox and minimum 3 tonnes for CTC category was fixed as eligibility criteria.

A seven-member jury evaluated the entries.

Mr. Shreedharan said that the competition would be held from April 3 to 5 at Palm Atlantis, Dubai, coinciding with the 4th Global Dubai Tea Forum. The final tasting session will be held on April 4 and the certificates to the winners will be distributed the following day.

YADGIR, March 19, 2012

More farmers turn to cotton this year

Marked increase in cultivation in Shahpur and Surpur taluks

SPREAD:A cotton field in Beernur village of Surpur taluk in Yadgir district. This year, more than 14,000 hectares is under cotton cultivation in Surpur taluk.— PHOTO: ARUN KULKARNI

The area under cultivation of cotton in the command areas of the Upper Krishna Project (UKP) in Shahpur and Surpur taluks has witnessed a marked increase this year for several reasons, including low cost of cultivation and high returns as compared with other crops.

According to data from the Agriculture Department, the area under cotton cultivation this year is 30,000 hectares (ha), which is 30 per cent more than that of the previous year. Most of the area that has been added to the area was previously under sunflower and bajra.

Virus attacks

Farmers who suffered heavy losses due to the attack of the deadly virus bud necrosis on the sunflower crop in the past couple of years have now shifted to other crops. In the command areas, the natural choice of the farmers was cotton, while farmers in dryland areas have shifted to the more reliable red gram.

Tirupathi Rao, a farmer in Beernur village in Surpur taluk, who owns 20 acres of land and has taken another 20 on lease to cultivate paddy and other crops. He has shifted 10 acres of his land under sunflower cultivation to cotton this year, as he suffered heavy losses in an attack of the virus on the sunflower crop.

“I am happy now with a very good yield ranging from 18 to 20 quintals an acre, and the price for the cotton is very good at Rs. 4,100 a quintal,” says Mr. Rao.

The cost of cultivating cotton is lower than that of crops like sunflower and paddy as farmer's expenditure on pesticide is low.

Sources in the Agriculture Department told *The Hindu* that nearly all cotton growers were cultivating Bt cotton, and the conventional cotton varieties were shunned by farmers mainly due to the menace of bollworm attacks, which required the spraying of costly pesticides.

This year, more than 14,000 ha in Surpur taluk and more than 16,000 ha in Shahpur taluk was under cotton cultivation. One of the major problems faced by cotton growers in the region was the lack of a market for their produce, and they depended on the markets in Raichur, Hubli and Gadag to sell their produce.

- *The area under cotton cultivation is 30 per cent more than last year*
- *‘Nearly all cotton growers are cultivating Bt cotton’*

KARUR, March 19, 2012

'Finance Minister must devise ways to help farmers get lucrative prices'

Announcement on handloom clusters in Andhra Pradesh and Jharkhand welcome

Negative sparks fly with thumbs down in sharp reactions to the budget as the agriculture community maintains that it is not going to benefit from the sops such as the seven per cent interest subvention on short term crop loans and the lollypop of additional three per cent on prompt repayment.

"There are not much relief for farmers in the budget. How many are able to reap a good harvest and repay loans in time? We are striving to stay alive amidst turbulent price rise on all fronts. It's simply a gimmick,'' says G. Ajeethan, technical secretary, Consortium of Indian Farmers' Associations, Tamil Nadu.

The higher credit allocation to schemes such as Mahatma Gandhi National Rural Employment Guarantee Scheme and the plans to extend its duration could spell direct trouble for farm operations. The MGNREGS scheme drains farm labourers who are lured by the easy money to opt out of farm work, he notes.

The Finance Minister, instead of offering sops, must devise means to help farmers get remunerative prices for their produce. The Centre should fix the support price in consonance with the inflationary trend, says Mr. Ajeethan, who is also the general secretary of Tamil Nadu Banana Growers' Federation.

The proposed boost for food processing industry through establishing National Mission on Food Processing would be of relevance only if the mission took cognisance of micro, small and medium enterprises.

Announcement on setting up two mega handloom clusters in Andhra Pradesh and Jharkhand, and establishing three handloom weavers' service centres in Mizoram, Nagaland and Jharkhand is good news for the industry. Complemented with other small benefits to the handloom sector the industry could survive the test of time for the present, according to Handloom Export Promotion Council chairman S. Gopalakrishnan.

While the mega clusters could bring in a lot of funds for handloom weavers and entrepreneurs, the service centres could channel government schemes and fund disbursal to identified beneficiaries in the region, Mr. Gopalakrishnan points out.

However, as a home textile exporter he expresses disappointment over not finding anything special in the budget to stimulate the textile export industry. Lack of policy initiatives plagues the budget that holds nothing to guide the textile industry through the path of progress. As for excise duty cuts on machinery imports Mr. Gopalakrishnan asks when the industry itself is struggling, how many of us are going to increase production capacities and how many would benefit from the move? Widening the service tax net could adversely impact the textile sector.

THIRUVANANTHAPURAM, March 19, 2012

Untimely blooms and climate change

AHEAD OF SCHEDULE:A golden shower tree in full bloom in front of the University of Kerala headquarters in Thiruvananthapuram.— Photo: C. Ratheesh Kumar

The luxuriant golden blooms of the ‘Kanikonna' are a heartening sight for one and all. From prosperity to abundance, the blooming of the Cassia fistula is of immense symbolic and cultural significance for Keralites.

The flowering of the golden shower tree signals seasonal changes in the agriculture calendar of the State, heralding the arrival of harvest and ‘Vishu'.

However, for the last few years, the flowering period of Cassia fistula is advancing every passing year.

The Agrifriends Krishi Samskarika Vedi in association with the Magic Academy and the Department of Museums and Zoos is organising a discussion titled ‘Kanikonna Vismayam' to probe this phenomenon and its repercussions on the farming patterns in the State.

A signal for farmers

“The flowering of Kanikonna used to be a major signal for the farmers of the State who in fact prepared their whole agriculture calendar based on this. Usually the tree starts budding during peak summer season in the Malayalam month of ‘Meenam' (mid March) and comes to full bloom only by ‘Medam (mid April) in time for Vishukani,” said Agrifriends coordinator S. Jayakumar.

“But for the last few years, Cassia fistula trees in most parts of the State bloom almost a month ahead, and by the time Vishu arrives, the trees would have shed their flowers and would be standing almost bare,” he said.

“If it was in the olden days, the early flowering of these trees would have upset the whole agriculture planning. Even today, the early blooming of Kanikonna has its implications with regard to farming. Basically this is indicative of climate change,” Mr. Jayakumar said.

The discussion programme will be held under the Kanikonna tree inside the Museum compound in the city on March 22. Magician Gopinath Muthukad, poet Ezhachery Ramachandran and Muraleedharan Thazhakkara, who presents the ‘Vayalum Veedum' programme in All India Radio will participate in the discussion.

The programme will include a magic show by Mr. Muthukad and poetry session led by Mr. Ramachandran. There will also be a session on adages related to Kanikkonna, harvest and Vishu.

Have to take parties on board before hiking diesel prices: FM

ENS Economic Bureau Posted online: Mon Mar 19 2012, 01:01 hrs

New Delhi : Even though the Union Budget 2012-13 has alluded to the possibility of freeing prices of diesel and fertiliser, the UPA is yet to build consensus amongst its allies on these contentious issues.

“The Budget has to be passed by Parliament and I cannot make a proposal that is not acceptable to others. We will have to take political parties on board for proposals in the oil sector,” finance minister Pranab Mukherjee said at an interaction with reporters on Sunday.

The Budget seeks to cap subsidies below 2 per cent of the GDP in 2012-13 and lower it to 1.75 per cent of the GDP over the next three years. Subsidies stood at 2.4 per cent of the GDP in 2011-12 as per the revised estimates. In an indication that there would be some policy action on deregulating prices of diesel and fertiliser, Prime Minister Manmohan Singh had earlier said that the government would have to ‘bite the bullet on subsidies.’

But Mukherjee admitted, “The political ground reality has to be recognised....We will have to get a broad consensus on this, however difficult, however time consuming it may be.”

With opposition from key allies, the UPA has refrained from increasing prices of diesel, kerosene and cooking gas and fertiliser despite global crude oil prices witnessing a sharp rise. Petrol prices were de-regulated in 2010, when the government also took an ‘in principle’ decision to free diesel prices. But it has not taken a concrete step towards this end.

High subsidies are inflating the country’s fiscal deficit, which is likely to ballon to 5.9 per cent of the GDP this fiscal and 5.1 per cent in 2012-13. For the next fiscal, the government has made a provision of Rs 40,000 crore towards fuel subsidy, and another Rs 60,974 crore.

However, concerned by the impact of the high subsidy on the Centre’s finances, Mukherjee said that the government can only afford to foot its bill until the time it has a capacity to do so. “If oil prices touch $1,000 a barrel, would the country be able to pay? As long as you have the capacity, you defer taking hard decision,” Mukherjee said, adding that the government cannot afford to go back to a situation like 1990 when the country had to pledge its gold with the Bank of England to pay for crude oil.

Interest rate

The government is expecting lower interest rates in the coming months as it looks at policy reversal by the RBI in the wake of moderation in inflation. “The fact that core inflation has moderated in the past three months and that in coming months we are looking at reversal in the policy rates should help in improving sentiments,” Mukherjee said, adding, “Inflationary pressures need to be at a moderate level in the next financial year. I am not talking about a 3-4% inflation level; 6 to 6.5% will be an acceptable level.”

DTC deadline

The Finance Minister also expressed hope that the direct tax regime would become effective from 2013-14. Responding to a query in a post-budget interaction with industry leaders, he said the DTC legislation would be in place in 2012-13, but “effect would be from the next year onwards”. On the changes suggested by the panel in the DTC, Mukherjee said two recommendations, General Anti Avoidance Rule and Advance Pricing Agreement, have already been proposed in the Budget 2012.

Mega projects

Seeking to assuage concerns over inordinate delays in giving clearance to real estate projects, the Finance Minister said, "We are trying to reduce the time lag so that the projects could be cleared as expeditiously as possible." Mukherjee said. The government has formed a committee of group of ministers regarding clearances, especially the environmental approvals, to address this issue, Mukherjee said.

The ‘crazy’ love for gold

Mukherjee today told bullion dealers, who have gone on strike against the levies on gold, that their pressure tactics “will simply not not work”. He explained that in two consecutive years about $90 billion of precious forex was used in importing gold making it the second biggest item of import after oil. The Minister pointed out that people in India were “crazy” for gold. He also rejected the argument of bullion dealers that the levies would encourage smuggling.

Business Standard

Monday, Mar 19, 2012

Rubber industry urged to offer quality products

BS Reporter / Chennai/ Kochi March 19, 2012, 0:22 IST

Rubber Board chairperson Sheela Thomas has urged the industry to counter competition posed by plastic products by offering quality products at competitive prices.

Speaking at the National Rubber Conference organised by the All India Rubber Industries Association (Airia), she said the main reasons for the decline in natural rubber consumption by the non-tyre rubber sector could be due to replacement of rubber products by plastic and other substitutes, competition from cheaper imported products, outdated technology and rising cost of raw materials.

She also asked the industry to go for environment-friendly of products.

The non-tyre sector’s share in natural rubber consumption has declined from 55 per cent to less than 40 per cent of the total national consumption in the last decade.

She said there had been complaints of increasing import of cheaper rubber products. Such grey area trading practices could only be countered through measures under anti-dumping rules for which proactive action by industry associations like Airia was essential.

Association president Vinod Simon said while China could make available natural rubber to its industry at a much cheaper price, high import duties on natural rubber in India had made the Indian products dearer. The import of rubber was inevitable as domestic production was unable to meet consumption and the gap was likely to widen in the coming years.

Anant Goenka, MD of Ceat Limited said raw material accounts for 70 per cent of the rubber industry's turnover and both availability and pricing of natural rubber, the key raw material, was the chief concern.

In tyres, the input cost pressures had resulted in severe erosion of net margins.

Quoting the International Rubber Study Group, he said in 2003 China accounted for 19 per cent of the world's natural rubber consumption and in 2010 this 34 per cent. India has, however, remained static at 9 per cent during this period.

THE HINDU Business Line

Pepper prices hit historic levels as demand outstrips supply

G. K. Nair
Kochi, March 18:

The pepper market continued to be in the grip of operators and if bear operators were in control during the first three days of the week from Thursday onwards bull operators were in the driving seat pushing the market up substantially. As a result, the MG1 was far above other origins in the international market and remained out-priced, while spot prices hit historical levels with ungarbled closing at Rs 409 a kg and garbled at Rs 424 a kg on Saturday. The previous highest price was Rs 416 a kg for MG 1 and Rs 401 for ungarbled.

The arrivals of new pepper has not yet picked up. One of the reasons attributed to this was the aggressive buying by inter-State dealers from Gudalur and Erode in Tamil Nadu.

As there is no VAT levied on pepper in Tamil Nadu, dealers were buying directly from the primary markets/farmers on cash and carry basis and taking the material to Erode and Gudalur for onward transportation to north Indian markets.

Arrivals from the current Karnataka crop are also reportedly not much as anticipated, while demand from upcountry markets was on the upward swing.

Given the squeeze in availability, demand is outstripping supply at present and this scenario might prevail till imported material lands in the domestic market.

In the international market, buyers are waiting for increased arrivals in Vietnam markets. But there also arrivals have not yet picked up as anticipated probably because farmers may be holding back. The availability situation in the world market, therefore, continued to remain uncertain. Nobody is in a position to tell what the actual position is, they said.

Some of the operators here have embarked on a study tour of pepper-growing regions in Karnataka, Tamil Nadu and Kerala to find out what has happened to the current crop.

The futures markets have been highly volatile. The Singapore exchange is following the Vietnam pepper market and hence remains much below the Indian futures market prices.

There has been liquidation, switching over and good additional buying in all the active contracts during the week. Activities were also comparatively limited.

All the contracts moved up sharply in the closing days of the week. As on Saturday, March, April and May, contracts increased by Rs 1,210, Rs 2,915 and Rs 3,275 respectively to the last trading prices of Rs 42,050, Rs 44,495 and Rs 45,190 a quintal.

Total turnover increased by 11,332 tonnes during the week to close at 66,436 tonnes. Total open interest during the week declined by just 79 tonnes to 10,128 tonnes.

Spot prices shot up to historic levels of Rs 40,900 (ungarbled) and Rs 42,400 (MG 1) a quintal on strong domestic demand amid limited availability.

Indian parity in the international market was over $1,000 a tonne above other origins. At the same time, domestic price is so high on the one hand with no exportable surplus to ship out on the other, the trade pointed out.

Silk production in Assam to get a boost

PTI

Guwahati, March 19:

Assam, which leads the nation in silk production, is taking steps to give sericulture a further boost as well as improve the yarn’s quality.

The Government is also mulling creation of a special fund for a project called ‘Golden Silk’ to increase production of Eri, Muga and Mulberry yarns, sources in the Agriculture Department said.

The fund will also have provision to extend subsidy to develop Muga textiles, according to the sources.

Two pilot projects are expected to be taken up at Dhakuakhana in upper Assam's Lakhimpur district and Boko in lower Assam's Kamrup (rural) district for increasing Muga production through involvement of community institutions.

There is also another proposal to establish model sericulture villages in the Muga, Eri and Mulberry growing areas.

To facilitate primary growers of Muga and Eri in getting remunerative prices for their cocoons, a "Cocoon Bank" is being established at Boko with assistance from the Central Silk Board, they said.

Handloom weaving occupies a pride of place in the State and which provides direct or indirect employment to around 25 lakh people which is only second to agriculture, the sources said.

Under the Assam Bikash Yojana, 45,60,605 weavers were assisted through grant of yarn and blankets during the period 2007-11.

Arecanut: Economically attractive

March 18, 2012:

'Arecanut', botanically known as Areca catechu, is a tropical plant found all over South East Asia. This tree belongs to the palm tree species and is from the Arecaceae family. The fruit (nut) of this tree is popularly known as the betel nut or supari in India. This is an important commercial crop of the region and also forms part of ritual offerings in Hindu religion. Areca is taken up from the Malayan language which means 'cluster of nuts'.

Globally it is primarily grown in India, Bangladesh, China, Indonesia and Myanmar. India leads the production followed by China and Bangladesh. In India it is grown in Karnataka, Kerala, Assam, Maharashtra, West Bengal and parts of Tripura.

History

The exact origin of the nut cannot be traced back but it probably originated in Malaysia or Philippines. The use of nut for chewing started in Vietnam and Malaysia, primarily, for the 'stimulating' affect of the alkaloids present in the nut.

These areas still have the widest variety of the plantation belonging to the 'Areca' genus. From this region, the crop traveled to the rest of Asia where it is cultivated as a cash crop.

In India areca nut is mentioned in Ayurveda, and also finds mention as far back as 2,000 years. Marco Polo also mentioned about areca nut in the 13th century. Chewing arecanut with betel leaf (or paan) with some other ingredients is an old habit in the daily life of the Indians.

Cultivation

Arecanut is a crop in areas where abundant rainfall is present as it cannot tolerate drought or low rainfall. It grows well in temperature climates within the range of 14 – 36 degree C.

The tree grows approximately 30 m in height and starts giving fruit from the 5th to 7th year till up to an average lifespan of 60 years. The economic life is on an average of about 40 years. Though the deep clay loam soil is more suitable for its growth, it also grows in alluvial, lateritic or red loamy soil.

Flexible to intercropping

The fruit is oval in shape and the colour ranges from yellow, orange to red. Due to a gestation period of at least 5 years, it makes sense to intermix arecanut with banana, mango, jackfruit, coconut, cocoa, ginger, pepper and vanilla. In fact, Acid lime and betelvine are suggested in West Bengal.

It is crucial to harvest the arecanut at specific stages to obtain the best quality produce. The fruits are harvested annually, dried and dehusked. The harvested nuts have to be sun dried for 45 days. It is essential to spread the nuts uniformly in a single layer and turning should be done once a week. This would prevent fungal infection of the nuts.

Economics

The price of the red variety is currently around Rs 130-140 a kg, while the price of the white variety, is around Rs 100- 110 a kg.

The cost of cultivation of the white ‘areca nut' is Rs. 114 per kg and for the red one is Rs. 148 per kg. This makes ‘areca nut' cultivation not a very lucrative proposition.

But mixed cropping, value addition and extraction of by-products lend the economic attractiveness.

Research is on to determine better extraction of tannin which has demand in wine and cosmetic industries. Areca nut cultivation also supports livelihoods and thus increasingly adds up deriving immense value for the society.

Market

India is the highest producer of arecanut with a production of around 3.3 lakh tonnes and a total acreage under cultivation of 2.64 lakh hectares, with Karnataka and Kerala accounting for nearly 72 per cent of the total production.

Over six million people are engaged in arecanut cultivation, processing and trade. More than 85 per cent of the area under cultivation is made up of small and marginal holdings.

Among the two varieties white nuts have a share of 60 per cent. India is also the largest consumer with around 3.2 lakh tonnes.

The following factors influence the areca nut market:

•Weather conditions

•Government policies over the pricing of betel nut

•Carryover stocks

•Growth of the consumer industries

•Government policies over the consumer industries

Multi-State cooperative such as CAMPCO (Central Arecanut and Cocoa Marketing and Processing Co-operative), a joint venture of the States of Karnataka and Kerala, has been established in 1973 for procurement of areca nut.

The major arecanut trading centres in India are Mumbai, Ahmedabad, Indore, Jaipur, Delhi, Nagpur, Patna, Calcutta, Cuttack, Bangalore, Rajkot, Chennai and Kanpur.

Budget – A major push to agriculture

Rana Kapoor

Mr Rana Kapoor

March 18, 2012:

The Union Budget identifies agriculture as one of the sectors which has shown a growth of 2.5 per cent in the current year. The Union Budget clearly establishes supply chain bottlenecks as one of the key issues in agriculture and one of the primary reasons for demand-supply gap and inefficiencies in post harvest distribution.

With an aim of "faster, sustainable and more inclusive growth" the Finance Minister has clearly identified "supply bottlenecks in agriculture and delivery systems" as one of the top five objectives that the government must address effectively in the ensuing fiscal year. Given that agriculture is recognised as central to our nation's growth strategy, it is critical to implement measures planned to boost agricultural development and reduce supply bottlenecks in the union budget, and look for enablers that would allow us to achieve this objective.

Agricultural Development – Key Focus areas

Building on the four-pronged strategy of agricultural production, reduction in wastage of produce, credit support to farmers, and a thrust to the food processing sector envisaged in the previous budget, the finance minister has emphasised on the need to remove bottlenecks in production and distribution of food products that are driving inflation. Some of the key focus areas include:

Increasing farm productivity

The green revolution envisaged in the Eastern region of the nation has been given a further fillip by increasing the allocation to Rs 1,000 crore, an increase of 150 per cent with a focus on rice based cropping systems catering to the Eastern region's requirements. This increase in allocation has been primarily due to the significant increase in yield and productivity as a result of this initiative.

The strategy for increasing production of agricultural commodities focuses on providing incentives to farmers through various development programmes. Outlay for programmes under Crop Husbandry is Rs 18,215.78 crore, of which Rs 9,217 crore is for State Plan Scheme, ‘Rashtriya Krishi Vikas Yojna'.

A token provision of Rs 1 crore each has been proposed for new schemes, viz. National Mission on Agriculture Extension, National Mission on Seeds and Planting Material, National Mission on Agricultural Mechanisation, National Mission on Oilseeds and Oil Palm, National Mission for Sustainable Agriculture, Integrated Scheme for Farmers' Income Security, Central Agriculture Infrastructure and Establishment Scheme and National Centre for Crop Statistics in order to further energise the role of these pivotal organisations.

In addition, the National Mission for Protein Supplements and the Accelerated Fodder Development Programme has been strengthened, and to improve productivity in the dairy sector, a Rs 2,242-crore project is being launched with World Bank assistance. To broaden the scope of production of fish to coastal aquaculture, apart from fresh water aquaculture, the outlay in 2012-13 is being stepped up to Rs 500 crore.

Increased access to farm credit

Reinforcing the need to increase the access to credit, the finance minister has raised the target of credit flow to farmers from Rs 4.75 lakh crore to Rs 5.75 lakh crore which represents an increase of Rs 1 lakh crore over the target for the current year. In addition, existing interest subvention scheme of providing short term crop loans to farmers at 7 per cent interest has been retained with additional subvention of 3 per cent to those farmers who repay their crop loans on time. In addition, the same interest subvention on post harvest loans up to six months against negotiable warehouse receipts will also be available, which will encourage the farmers to keep their produce in warehouses thereby providing a much needed post harvest agri-infrastructural support towards reducing farm gate wastage and giving pricing power to farmers.

Post harvest storage infrastructure

Post harvest wastage is a key inefficiency that needs to be corrected and in the budget the corpus of Rural Infrastructure Development Fund (RFID) has been increased from Rs 18,000 crore to Rs 20,000 crore with a special sub allocation of Rs 5,000 crore dedicated for warehouse development.

The Finance Minister has indicated that nearly 15 million tonnes capacity is being created under the Private Entrepreneur's Guarantee Scheme, of which 3 million tonnes of storage capacity will be added by the end of 2011-12, and 5 million would be added next year.

To boost investment in post harvest infrastructure, capital investment in the creation of modern storage capacity has been made eligible for viability gap funding scheme of the Finance Ministry at an enhanced rate of 150 per cent as against the current rate of 100 per cent.

Increasing processing infrastructure

With a view to retain the momentum of private investment in building the food processing capacity of the nation, the Plan outlay for 2012-13 of the Ministry of Food Processing Industries is Rs 660 crore. The allocation under all three components, i.e. mega food parks, cold chain, value addition and preservation infrastructure and modernisation of abattoirs, have been maintained to upscale the execution of these schemes.

The Ministry has also proposed for a major shift in its role from implementing agency to policy formulation with greater involvement of State Governments through newly proposed centrally sponsored scheme of ‘National Mission on Food Processing' for which Plan outlay of Rs 250 crores has been proposed for 2012-13.This Mission will enable the Government to have a better outreach and to provide more flexibility to suit local needs as well as ensuring greater Public – Private partnership in the Food processing sector.

Fertiliser availability and use

A mobile- based Fertiliser Management System (mFMS) has been designed to provide end-to-end information on the movement of fertilisers and subsidies, from the manufacturer to the retail level. This will be rolled out nation-wide during 2012. This step will benefit 12 crore farmer families, while reducing expenditure on subsidies by curtailing misuse of fertilisers

To reduce India's import dependence in urea, the Government plans to finalise pricing and investment policies for urea. It is estimated by the government that with the implementation of the investment policy, country will become self sufficient in manufacturing urea in the next five years. In case of the potassic-phosphatic (P&K) fertiliser, use of single super phosphate (SSP) will be encouraged through greater extension work.

With a view to increase indigenous fertiliser production, the rate of withholding tax on interest payments on external commercial borrowings for capital investment in fertiliser production has been reduced from 20 per cent to 5 per cent for three years.

In addition, capital investment in fertilisers have been made eligible for viability gap funding scheme of the Finance Ministry at a rate of 150 per cent and imports of equipment for initial setting up or substantial expansion of fertiliser projects have been fully exempted from basic customs duty of 5 per cent for a period of three years up to March 31, 2015.

Measures that need focus in the long term

While the budget has broadly focused on the short term imperatives of increasing agricultural production, increased access to farm credit and building post harvest storage and processing infrastructure, an aggressive perspective of trying to double agricultural growth needs to be envisioned. Some of the key enables for this jump-growth include:

Creation of agri-marketing infrastructure.

Incentivised shift towards drip-irrigation.

Incentives for farm machinery and technology.

Creation of a national policy on cropping pattern, with well defined market-linkages.

Creation of a national body collecting global commercial intelligence on crops.

Stable market-linked export-import policy.

Conclusion

The Union Budget's focus on investment in farm production and post harvest management is commendable. However, as the demand for agriculture grows, future union budgets would need to focus on even larger scale investment into fundamental enablers of agricultural growth with a target of achieving at least 6-7.5 per cent per annum growth.

(The author is the Founder, Managing Director and CEO of YES Bank)

Expert farming advice now at Maharashtra farmers' doorstep

Press Trust of India
Baramati, March 18:

Farmers in remote parts of Maharashtra will now get instant soil and crop analysis as well as recommendations for better farming practices at their doorstep, thanks to a mobile soil testing unit which is available on call.

Maharashtra is the first and so far the only State to implement the scheme, sanctioned recently by the Centre, under which the district-level government farming centre here has been equipped with a mobile soil testing unit.

Earlier, farmers had to take soil samples from their fields and travel to government farming centres, popularly called Krishi Vigyan Kendra (KVK), for soil analysis.

The Kendras have been established by the Indian Council of Agricultural Research for quick transfer of technology to the fields.

The mobile soil testing unit introduced recently has helped farmers on issues such as soil infertility, harmful pests and water problems. KVK experts now come to their fields and provide the result and report on the same day.

“The mobile soil testing unit has been a great success. Every day we receive over 15-20 calls from farmers in different parts of Maharashtra,” Mr Dhananjay Bhoite, in-charge of the soil analysis lab at a KVK said.

The lab is equipped to test over 50 soil samples in a day for fertility, carbon content, pests and micro-nutrient content.

“Experts who reach the spot also teach the farmers how to take soil samples. KVK members then give recommendations about best farming practices, suitable crops and pesticides,” Mr Bhoite said.

The soil testing facility has also received a good response, with over 22,000 samples received last year. For Rs 125, the soil is tested for nitrogen, phosphorus and potassium, while for Rs 325, it is also tested for micro- nutrients.

The cost for the analysis is the same at the mobile lab. The van, which is equipped with all the equipment available in the KVK lab, was bought at a cost of Rs 55 lakh, Mr Bhoite said.

The operational area of the KVK here comes under western Maharashtra's dry zone. Apart from soil analysis, KVK focuses on reaching out to farmers, disseminating scientific information about farming and weather prediction.

Micro-level agro-meteorological advisory services soon

Our Bureau

A file picture of an Automatic Weather Station. — K. Gopinathan

To help farmers deal with climate change

New Delhi, March 18:

Micro-level, block-specific agro-meteorological advisory services are set to become a reality soon. Farmers will soon start receiving such customised agro-met services, which should help raise their awareness and gear up to tackle impact of climate change like a drought or floods.

A pilot for such an initiative is being tried out in the 10 taluks of Belgaum district in North Karnataka under the National Initiative on Climate Resilient Agriculture (NICRA). The initiative is likely to be rolled out to about 100 districts which are vulnerable to climate change over the next few years. “A network of 100 automatic weather stations (AWS) are being set up in Krishi Vigyan Kendras (KVKs) of vulnerable districts to relay crop and weather data on real-time basis to formulate advisories” said Mr V.U.M. Rao, Project Coordinator at the Central Research Institute for Dryland Agriculture (CRIDA).

Weather stations

The weather stations, spread across locations such as Kargil and Poonch in Jammu and Kashmir to North East and Port Blair, generate data relating to temperature, humidity, wind speed, rainfall and radiation among other and transmit the same to the central server at CRIDA in Hyderabad on a real-time basis using GPRS technology.

With the help of such data, advisories on appropriate field operations and management practices will formulated at the local KVKs and disseminated through radio, print and television among others, Mr Rao told group of visiting journalists at CRIDA .

India is seen more vulnerable to the climate change phenomenon and various studies project that agriculture productivity would be impacted. Establishing AWS to generate micro-level data would help understand the climate change issues as impact varies from region-to-region.

Customised agro-met services and development of heat and drought tolerant varieties are part of the integrated set of technologies being developed under NICRA to enhance farmer's capability towards climate resilient agriculture.

Coffee stocks in exporting countries at record low

PTI

Coffee stocks in exporting countries have declined to 17.4 million bags in the 2011-12 season, their lowest levels since International Coffee Organisation (ICO) began keeping records.
New Delhi, March 18:

Coffee stocks in exporting countries have declined to 17.4 million bags in the 2011-12 season, their lowest levels since International Coffee Organisation (ICO) began keeping records, the London-based body of coffee exporting and importing countries said.

Opening stocks of coffee - the world's second most traded commodity after crude oil - stood at 18.45 million bags of 60 kg each in the 2010-11 coffee season (October-September).

"World stocks have been significantly eroded due to the high exports recorded in calendar year 2011. On the basis of information provided by members, the volume of opening stocks in exporting countries in crop year 2011-12 is around 17.4 million bags, the lowest on record," ICO said.

The relatively high prices seen over the last two years have encouraged strong export performance and a reduction in stocks, the intergovermental body added.

World coffee exports in calendar year 2011 rose by 8 per cent to 103.68 million bags compared to 95.85 million bags in 2010 calender year.

Similarly, worldwide shipments of coffee rose by 11 per cent to an all-time high of 104.5 million bags in the 2010-11 coffee year from 94.3 million bags in the 2009-10 coffee year.

However, ICO said that accumulation of stocks in importing countries has eased concerns over the rise in prices of the commodity.

"Inventories in importing countries on the other hand, have increased to a relatively healthy level of 22.3 million bags," it added.

This accumulation has eased concerns regarding the limited supply of certain origins (coffee), contributing towards the downward trajectory of prices since their peak in early May 2011, ICO noted.

Milk production to cross 127 mt this fiscal

PTI
New Delhi, March 18:

Milk production in the country is expected to increase by over 4 per cent to 127.29 million tonnes in the current fiscal.

"Anticipated milk production in the country during 2011-12 is 127.29 million tonnes," the Minister of State for Agriculture, Mr Charandas Mahant, had told Parliament last week.

Milk output was 121.84 million tonnes in 2010-11.

On monthly per capita milk consumption of milk by State/UT, Mr Mahant said Punjab, Haryana, Rajasthan and Gujarat are witnessing an increase.

Meanwhile, with an aim to boost milk production, the Finance Minister, Mr Pranab Mukherjee, announced launching of a Rs 2,242 crore project with World Bank assistance to improve productivity in the dairy sector.

Though there is an increase in milk production in the country, considering the pace of population growth and surge in demand for the protein rich drink, the country needs to multiply its output. It is estimated that the country would require 180 million tonnes of milk by 2020.

Currently, the country has to rely on imports, particularly in summer to meet its domestic milk requirement.

Export of milk and milk products and casein products has been banned since February 18, 2011, to shore up its domestic availability.