THE HINDU

Farmers fell trees for instant riches

The prospects of becoming rich overnight are luring horticulture farmers to fell trees and convert agricultural lands to residential plots around Nuzvid town. Battered by a poor mango crop and non-remunerative prices for over a decade, mango farmers are looking for ways of getting out of a situation that seems spirally down into a debt trap.

The poor returns from mango gardens and the sudden increase in prices of land are forcing farmers to seriously consider selling their holdings and moving to town.

Land prices have shot up in Gollapalli and Meerjapuram, two small villages on the Nuzvid-Hanuman Junction Road. The prices of land here have doubled from Rs. 50 lakh an acre to Rs. 1 crore in the past few weeks.

The prime reason for the increase in land prices is word that the new capital of the residual State of Andhra Pradesh would be established in the vast endowment lands that once belonged to Ragunatha Swami Temple located between Gollapalli and Meerjapuram. Most of the temple land has since been encroached and is being enjoyed by the rich.

Mango farmer C.T. Srinivasa Rao said prices of land in Kanimerala, Chandrala, T.Gannavaram, Eedara, Ganapavaram, Kotha Mallavalli and Katrayanapadu had increased suddenly.

“This area is rich in horticultural crops like mango, banana, cocoa, coconut, palm oil and guava. But, these farmers are tempted to sell their lands. For the mango farmers the temptation is greater because they get ready cash by cutting down trees. A farmer can get up to Rs 6 lakh for the 100 trees in his garden. The returns from mango are falling every year,” he said.

If the capital is not established as expected the prices of land are likely to plummet, but farmers will have to cut down their mango trees by then. They will then be forced to go for crops like maize, groundnut and in extreme situation tobacco, Mr Srinivasa Rao said.

Mango lovers may have to wait longer for juicy fare

Summer is here. But mango lovers are still waiting for the king of fruits to arrive in large numbers.

Various varieties of mangoes have just started trickling into the Koyambedu wholesale market, the hub of mango trade in the city.

At present, only a few retail chains selling fruits have mangoes. As the stocks are limited, it may take a while before Chennaiites are able to bite into the succulent fruit at an affordable cost.

Wholesale mango traders said the market normally receives about 50 tonnes of mangoes every day in April. But this year, the market is receiving only 10 tonnes of mangoes daily, mostly from Kerala and the Salem-belt.

While many customers complain that mangoes are expensive and not of good quality, traders said consumers will have to wait for another week for good quality mangoes to arrive in sufficient numbers from Andhra Pradesh.

The first truck load of mangoes usually arrives in the city by mid-March. Traders cite the lack of rains as the main reason for the delay in arrivals.

A.S. Ganesh Babu, a wholesale mango merchant, said the Koyambedu market gets nearly 10 varieties of mangoes, including 'banganapalli', 'imampasand' and alphonso.

"We are getting most of the varieties but in small numbers. While 'imampasand' and alphonso cost Rs. 130 a kg in the wholesale market, they are priced at Rs. 150 per kg in the retail market. Last year, they were sold for half that rate," he said. With the season for some other fruits like grapes, Indian apples and oranges coming to an end, they too are priced high. S. Srinivasan, president of Koyambedu wholesale fruits merchants association, said mangoes may cost less from next week.

Mosambis (sweet lime) and oranges are priced about 20 per cent more than last year. Sapota and watermelons, however, are available at nominal prices.

Rising sea level may hit 329 islands, including ones in Ernakulam

The islands in Ernakulam Channel namely Willington Island, Ochanthuruthu, Appangad, Manjanakad, Vallarpadam, Thanthonnithuruthu and Mulavukad may be hit by rising sea level.

The researchers of the Centre for Earth Science Studies, Thiruvananthapuram, have bracketed these islands along with the other vulnerable ones in the backwater system of the State. They have estimated that as many as 329 backwater islands of Kerala are vulnerable to the impacts of Sea Level Rise (SLR).

The other islands identified in the region include the Komanthuruthu, Thevara, Nettoor, Maradu, Panampukad and Pizhala. Altogether, 33 islands in Ernakulam Channel have been identified as ones vulnerable to Sea Level Rise.

Kadamakudi, part of Mulavukad, Korumkotta, Moolampally, Cheranalloor, Kothad, Idakunnam and Chennur are also in the vulnerable list. Researchers have sounded alert that the islands of Kumbalanghi, Chattammel, Cheppanam, Valanthakadu, Kumbalam, Panangad located in Kaithappuzha Kayal in the city suburbs too may be hit by Sea Level Rise.

In Vembanad Lake, they have assessed 21 islands namely Pathiramanal, Anjuthuruthu, Amayadithuruthu and Perumbalam as the ones that may be hit by the rising waters. They feared that the extensive backwater system of the State including the “communities on the banks, ecosystems, low-lying filtration ponds, adjoining paddy fields and other infrastructure would face increased stress” due to the sea level rise.

The list has included the 25 islands in Ashtamudi Lake, 14 in the Periyar, 17 in the Bharathapuzha and 14 in the Valapattanam River among others.

The rampant reclamation of wetlands, including filtration ponds, could decrease the available area of flood plains and enhance the impact of sea level rise on the adjacent holdings, according to the scientific document prepared by the scientists.

A team of researchers led by K.V. Thomas of the CESS are working on a project for assessing the impact of Sea Level Rise and the identification of impact zones in the State. The Sea Level Rise, according to researchers, is of serious concern in Kerala which has a 590km-long coastline and large expands of backwaters and estuaries and low-lying areas such as filtration ponds.

Researchers pointed out that the presence of filtration ponds, which are low-lying areas, near many of the backwater islands increased their vulnerability. They pointed out the case of Sattar Island located in the Periyar River near Munambam, which was seriously affected during the tsunami in 2004.

The identification of the impact zone is crucial for planning mitigation measures and evolving adaption programmes.

Water level

Mettur:Water level in the Papanasam dam on Friday stood at 44.20 feet (maximum level is 143 feet). The dam had an inflow of 50.93 cusecs and 304.75 cusecs of water is discharged from the dam.

The level in the Manimuthar dam stood at 70.54 feet (118 feet). The dam had an inflow of 8 cusecs and 100 cusecs of water is discharged.

Kanyakumari

The water level stood at 10.70 feet in Pechipparai dam, 36.75 feet in Perunchani, 2.92 feet in Chittar 1, 3.02 feet in Chittar 11, 2.30 feet in Poigai and 41.83 feet in Mamabazathuraiyaru.

THE HINDU BusinessLine

Sugar stocks post handsome gains on improving price outlook

Outpace benchmarks with 8 to 51 per cent gains in the past one month

Varied factors

New Delhi, April 4:
Scrips of sugar companies, such as Bajaj Hindusthan, Balrampur Chini, Dhampur Sugars and DCM Shriram, were on a roll on Friday.

As the outlook for sugar has turned bullish on lower-than-expected output amid a rise in domestic demand for summer, stocks of sugar companies have surged 8 to 51 per cent in the past one month (see table), outpacing the benchmark Sensex,

which has gained 5.4 per cent during th 5
per cent during the period.

The Government's move to incentivise raw sugar exports, a drought in Brazil — the world's largest sugar producer — and a prolonged dry period since the beginning of the year affecting the crop in Thailand and Australia, are also seen to be supporting sugar prices.

The rebound in investor interest in sugar company stocks is notwithstanding the huge pile-up of cane arrears to the tune of Rs. 15,000 crore in the current season. In Uttar Pradesh, the second largest sugar producing State, pending payment by sugar companies to farmers is estimated at Rs. 10,500 crore, while in Karnataka the dues are estimated at Rs. 3,300 crore.

In Muzaffarnagar, a key terminal market for sugar in North India, prices have moved up from Rs. 2,950 a quintal in early February to Rs. 3,420 currently, up 16 per cent. Similarly, in Kolhapur, the price for the medium grade has increased to Rs. 3,304 from Rs. 2,656 during the period. Interestingly, retail prices, as monitored by the Ministry of Consumer Affairs, saw minor changes in some markets during the period.

The Indian Sugar Mills Association (ISMA) expects output to decline 5 per cent in the current season to September at 23.8 million tonnes from earlier estimates.

Comfortable inventory levels

"Even though there is a drop in production, inventory levels as on October 1, 2014, will be quite comfortable. With the rupee appreciating against the dollar, we do not know how much exports will take place. We are surprised at the movement in stock prices," said Ajit Shriram, Chairman, ISMA.

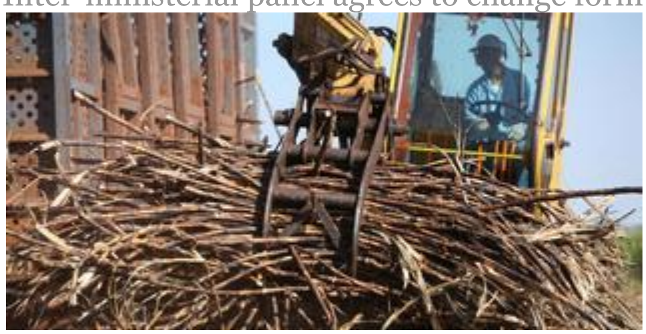
Sugar prices, which had touched a five-year-low in early-February, reversed as the crushing operations head to a close.

"This rally is not restricted to sugar alone, it is across the board. People are buying sugar stocks expecting prices to rise further on shortfall in production, and that would reflect in better performance of companies, going ahead," said Kishore P Ostwal, CMD of CNI Research.

However, Ostwal said he was sceptical on whether the rally would sustain, as it would depend on the policies of the new Government.

Sugar firms will get more for selling ethanol

Inter-ministerial panel agrees to change formula to make oil firms pay higher price



Sweet prospects The sugar industry expects an increase of up to ₹5/litre from the fresh tender to be floated in the next season starting October.

New Delhi April 4:
Realisations from ethanol for sugar companies is set to increase by up to a tenth as the Inter-Ministerial Group has agreed to revise the formula to fix the benchmark price.

The public sector Oil Marketing Companies have been procuring ethanol from the sugar mills to implement the mandatory five per cent blending programme.

The current benchmark price for ethanol at Rs. 44 a litre is derived from the lowest refinery transfer price (RTP) or the cost of petrol to the oil marketing companies.

Price realisation

At its recent meeting, the ministerial group has agreed to consider the average of RTP for the previous financial year instead of the existing system, in keeping with the sugar companies' demand.

This is expected to benefit the sugar mills. A Petroleum & Natural Gas Ministry official told *Business Line* that the realisations could go up by Rs. 1-2 litre, while the sugar industry expects an increase of up to Rs. 5/litre from the fresh tender to be floated in the next season starting October.

The ministerial group consists of officials from the Ministry of Petroleum and Natural Gas, Food and Public Distribution among others.

Maharashtra mills

Sources said the move would entice sugar mills in Maharashtra to participate in the mandatory blending programme by offering ethanol to the Oil Marketing Companies. Mills from Maharashtra have largely stayed away from participating in the tenders of the oil companies and have preferred to sell in the open market due to the cumbersome process of securing their payments.

The companies have finalised offers for 65 crore litres of ethanol and so far, about 31.55 crore litres have been lifted by them.

The five per cent ethanol blending programme is being implemented in nine States, while Uttar Pradesh, and a depot in Bangalore, and two depots in Maharashtra have introduced 10 per cent blending with petrol. As part of its energy conservation strategy, the Government has launched ethanol-blended petrol programme.

However, blending of ethanol with petrol will have little impact on crude oil import, since petrol is only a by-product of the distillation process.

NMCE LAUNCHES RUBBER MINI CONTRACT

Kochi, April 4:

NMCE has launched rubber mini contract to attract small producers, traders and hedgers. The main feature of the contract is the 100 kg lot size for trading and delivery. The delivery will take place only in case of matching intentions between buyers and sellers. The rest of the open positions will be closed through cash settlement. The settlement price will be the same as that of the main rubber contract which is settled through compulsory physical delivery.Our Bureau

Business Standard

Milk prices stable for now

With procurement prices recently raised and powder export set to taper, supply anxieties are unlikely till at least June

Most dairying entities in the country's organised sector say there is no plan to raise the price of milk before June, when the situation is likely to be reviewed. Having raised procurement prices recently, they expect a better supply till at least then. Summer is when milk production usually drops, owing to shortage of fodder

and the fact of the calving season among bovine animals. Historically, production is usually down by 30-40 per cent during these months.

Some loose milk sellers in Maharashtra's unorganised sector, especially the Mumbai region, have already raised prices by Rs 3 a litre, owing to a dip in supply. A handful of Delhi-based small dairies also feel that once the supply starts dipping, there might be a slight rise in prices in liquid milk, especially in the unorganised market.

Industry insiders say organised entities would have a more structured procurement process but it would be a interesting to see how long they can hold on to prices. The average price of liquid milk is Rs 42-46 a litre across the country.

The price of skimmed milk powder (SMP) is likely to soften in the coming fortnight or so. Thanks to heavy export, these prices have almost doubled over a year, to Rs 280-290 a kg. However, says R G Chandramogan, chairman and managing director of Hatsun Agro, a leading Chennai-based company," India already exported about 120,000 tonnes of SMP last fiscal (2013-14). However, prices in the international market (New Zealand auctions) have fallen by around nine per cent in the past few days. Hence, as dairy companies are unable to fetch good prices in the international market, the stocks planned for export would be diverted back to the domestic market, bringing down prices."

R S Sodhi, managing director of Gujarat Cooperative Milk Marketing Federation (GCMMF), which markets milk and dairy products under the Amul brand, made the same point. Amul was a leading exporter of SMP in 2013-14, of 12,000 to 13,000 tonnes.

If need be, SMP can be converted back to liquid milk, to meet the increased requirements during summer. Sodhi says production is likely to be down by 30 per cent in the coming months. Hatsun's Chandramogan says in the cow belt of southern India, production would be down 15-20 per cent; for buffaloes, it could be down further, by 40-45 per cent.

As mentioned earlier, dairies had already raised their procurement prices. For instance, the Surat District Milk Union Producers' Ltd (SDMUPL), also known as Sumul Dairy and a GCMMF member, recently raised the milk procurement price for farmers by Rs 20 per kg fat to Rs 555 for buffalo milk and Rs 525 for cow milk. "The supply during summer dips by 10-20 per cent. However, there will be no immediate hike in retail prices of milk," said Jayesh Desai, managing director.

Sources in Milkfed, the Punjab-based cooperative dairy network, selling products under the Verka, brand said they'd raised procurement prices by Rs 20 per kg fat to Rs 520 last month. It commensurately raised the retail price of liquid milk by Rs 2 a litre, selling now in the range of Rs 36-44 a litre.

Desai, however, said: "The industry may review the situation after June and take a call on price revision."

"All major dairies have recently raised prices, and procurement prices are high, too. If the flow continues, there might not be any immediate price hikes. However, around May-June, when the demand for products like lassi, dahi, ice cream, etc, rise, there might be a shortage of milk," said V K Agnihotri, general manager, marketing, at Maharashtra-based Mahanand Dairy.

Coffee exports drop as rains shrink harvest

'It has been an exceptionally bad year for production in India because of adverse weather last year'

Coffee shipments from India, Asia's third-largest grower, are poised to fall this year as a rally in global prices deters buyers from Italy to Russia and after unseasonal rains cut output for the first time in six years. Exports may decline as much as 10 percent from 312,756 tonnes in 2013, said Ramesh Rajah,

president of the Coffee Exporters Association of India. The harvest probably dropped below 300,000 tonnes in the 12 months started October 1 from a record 318,200 tonnes a year earlier, he said.Reduced supplies from India, where robusta accounts for 70 per cent of output, may help a surge in prices of the beans used by Nestle SA in instant drinks. Futures of the arabica variety, brewed by specialty companies including Starbucks Corp., advanced in New York to a two-year high in March and robusta in London jumped 22 percent this year as drought threatened crops in Brazil, the largest producer and exporter.

"It has been an exceptionally bad year for production in India because of adverse weather last year and the weather has been a bit dry this year, which is worrying for the next season," Rajah said by phone from the southern Indian city of Bengaluru. "Global prices have moved up and this has reduced demand.Export volumes will go down this year."

Robusta jumped as much as 2.8 per cent to $2,070 a tonne on NYSE Liffe today and was at $2,051 by 2:41 pm in Mumbai. Arabica rose 0.9 per cent to $1.761 a pound on ICE Futures US after reaching a two-year high of $2.0975 in March.

BrazilDrought

“Drought in January and February has hurt the Brazilian crop and prices should be sustained at these levels in the medium term,” Rajah said.

Production is estimated at 47 million bags to 49 million bags this year compared with 49.8 million bags last year, according to Brazil-based trader Comexim Ltda. A bag is equal to 60 kilograms or 132 pounds.

The state-run Coffee Board cut its crop estimate for 2013-2014 to 311,500 tonnes in January from a record 347,000 tonnes predicted at the start of the season, citing heavy rains in the Karnataka region, which represents about 70 percent of output.

Exports rose 2.4 percent to 99,896 tons in the first three months of 2014 from a year earlier, less than the 15 per cent increase in the first two months, according to the board. Shipments included 44,329 tonnes of robusta, 29,363 tonnes of arabica and 26,123 tonnes of instant coffee, board data showed. Italy, Russia and Germany accounted for about 40 per cent of total shipments last year, board datashowed.

“Growers are holding onto their stocks expecting prices to rise further,” Anil Kumar Bhandari, a member of the board, said by phone from Bengaluru. “We should be able to export whatever surplus we have.”

Chennai - INDIA

Today's Weather	
Sunny	**Saturday, Apr 5** Max Min 33° | 26°
Rain: 0 Humidity: 66 Wind: normal	Sunrise: 06:04 Sunset: 06:20 Barometer: 1005

Tomorrow's Forecast	
Sunny	**Sunday, Apr 6** Max Min 33° | 27°

Extended Forecast for a week

Monday **Apr 7**	Tuesday **Apr 8**	Wednesday **Apr 9**	Thursday **Apr 10**	Friday **Apr 11**
33° | 26° Partly Cloudy	36° | 23° Partly Cloudy	36° | 25° Partly Cloudy	31° | 25° Overcast	31° | 26° Overcast