

## **Better yield and price bring cheer to farmers**

*13,000 to 15,000 tonnes of onions expected to reach market*



**HAPPY:**Officials inspecting small onion cultivated on a farm at Keezhapuliur village in Tenkasiblock in Tirunelveli district.

Farmers of Alangulam, Keezhappavur and Tenkasi blocks, who cultivated onions, have started getting better yield and reasonable price, thanks to the invasion of traders from Virudhunagar and neighbouring Kerala. As Tirunelveli district is witnessing monsoon failure for the fifth consecutive year, storage level in waterbodies, especially around Tenkasi, is far from satisfactory, which compelled the Horticulture department to persuade farmers in April-May to go for alternative crops, instead of paddy. Rainfall received in January-June was 382.36 mm, as against the annual normal rainfall of 249.10 mm, which was sufficient to cultivate onion. As such, 1,681 hectares have been brought under small and big onion cultivation till June 2014 as against 703 hectares in the corresponding period last year. "In other words, onion cultivation area has doubled," says S. Raja Mohamed, Deputy Director of Horticulture. Of the total onion cultivation area, big onion (Bellary onion) accounts for 70 to 80 per cent, spread over Keezhapavoor, Alangulam, Tenkasi, Shencottah, Melaneelithanallur and Maanur blocks. Farmers have started to harvest small onion early and about 3,000 to 3,500 tonnes of the produce is expected to flood the market in July. "I cultivated small onion on six acres in April and expect 12 tonnes of yield. Earlier, I got Rs. 6 to 7 per kg but this week it is Rs. 13 per kg. I hope to get Rs. 13 to 15 per kg when harvest starts in the rest of my field. We'll be much happier if we get Rs. 20 per kg," says S. Murugan of Keezha Puliur. Farmers P. Utchimuthu and K. Singathurai endorse Mr. Murugan's views.

## **Traders in Tenkasi**

About 13,000 to 15,000 tonnes of big onion, cultivated on about 1,300 hectares, is expected to reach the market in July from Keezhappavur and Alangulam blocks. Traders from Virudunagar and Kerala are camping in Tenkasi to procure onions. "Officials should ensure that onion is not hoarded by traders as they are on a buying spree and are ready to give the price demanded by the cultivator. At a time when we are getting a good price, the benefit should reach the consumer," says a farmer.

## **Farmers want release of Tamirabarani water**

The farmers from the region seek release of Tamirabarani water soon for the irrigation of paddy crop. Farmers affiliated to All India Kisan Sabha, were eagerly awaiting the release of the Tamirabarani water for irrigation of paddy crops in the 'kar' season. After the Chief Minister Jayalalithaa's directive to release water from Papanasam dam on July 4, only the farmers in Tirunelveli district had benefitted so far and not the farmers in Tuticorin district, K.P. Perumal, district secretary, AIKS, Tuticorin, said here on Tuesday. Water distribution was done equally for the farmers relying on this crop season in both these neighbouring districts but the treatment meted to the Tuticorin farmers was unfair, he said. The farmers had been relying on the Tamirabarani water for irrigating the crops and to protect the standing crops from withering. Scores of farmers from various blocks including Srivaikuntam, Karungulam, Alwarthirunagari, Tiruchendur and Tuticorin had been relying on various water resources for irrigating the paddy crop on 46, 000 acres. The growing uncertainty over tapping of water resources has raised fears among the farmers here about the possible failure of kar season crop this year also. Hence, the District Administration should intervene and ensure immediate release of water from Papanasam dam in the interest of farmers, he also said.

## **Storage**

Reliable sources from PWD (Tamirabarani River Water) sources, when contacted, told *The Hindu* that only 1,000 mcft of water storage is left in the Papanasam dam and the current inflow of water as on Tuesday was 400 cusecs with 57 feet in the water level. "The amount of water stored in this dam currently is lesser when compared to the storage in the corresponding period in the previous year. During the same period last year, this dam had reached 117 feet with 3, 800 mcft and an inflow of 1,100 cusecs of water. Owing to monsoon failure, water level is not up to the mark to ensure distribution of water to all tanks in these two districts. Since Srivaikuntam dam, the lifeline for

farmers, is situated on 78th kilometer from the extent of Papanasam dam, water could not reach the tail end areas,” the sources said.

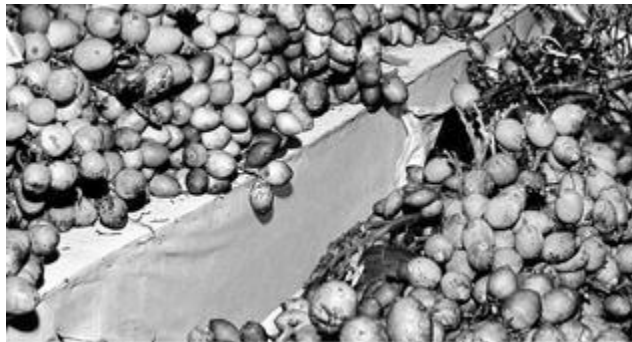
### **KVGB launches Kisan Card on RuPay platform for easy farming loans**

Karnataka Vikas Grameen Bank (KVGB) has launched Kisan Card on RuPay platform to facilitate easy lending of farm loans. In a release, KVGB chairman N. Ashok Reddy said it was a significant step towards introducing a convenient and safe banking solution to the community. The facility would also help farmers use RuPay services. The card provides 24x7 disbursement facility, allowing farmers to use their loan limit by withdrawing up to Rs. 25,000 a day. This facility would also help farmers reduce the interest amount on loans. It also reduces the risk of carrying higher volumes of cash. It is a smart card and debit card, which can be used in ATMs and hand-held swipe machines. The bank plans to would open nearly 100 ATM centres in its jurisdiction in this fiscal.

### **Arecanut prices continue to rise**

VEERENDRA P.M.

*Some merchants said to be indulging in speculative trading*



Arecanut yield has been affected by fruit rotdisease due to excess rainfall last year.—  
FILE PHOTO

Weak monsoon, widening gap between demand and supply and alleged speculative trading by some arecanut merchants have triggered a sharp increase in the arecanut prices. The arecanut price has increased more than four times in the last 15 months. The price of ‘saraku’ variety, which was Rs. 180 a kg in May 2013, is now ruling at Rs. 830 a kg. Similarly, the price of ‘bette’ and ‘rashi’ varieties, which was about Rs. 130 a kg in May 2013, has touched Rs. 810 a kg. The price began rising owing to a decision of the Union government on May 13, 2013, to increase its minimum import price from Rs. 75 a kg to Rs. 110 a kg. This decision resulted in an increase in the demand for local varieties of arecanut. It may be mentioned here that last year, Malnad and coastal Karnataka

regions received heavy rainfall. As a result, more than 50 per cent of arecanut plantations were infested by fruit rot disease, also known as 'kole roga'. The production of arecanut declined by more than 30 per cent last year owing to the disease, which resulted in a huge difference between demand and supply. Owing to these factors, the price of saraku arecanut increased from Rs. 180 a kg in May 2013 to Rs. 370 a kg by May this year. The price was expected to stabilise with the onset of monsoon. On the contrary, prices have more than doubled within a span of one month. The saraku variety has touched Rs. 830 a kg from Rs. 410 a kg in June first week this year. The prices of 'api', 'rashi' and 'gorabalu' varieties have also registered similar increases during this period. D.M. Shankarappa, merchant in Shimoga Agriculture Produce Marketing Committee yard told *The Hindu* that arecanut yield was likely to decline further this year owing to weak monsoon and widening gap between demand and supply. This had already resulted in sharp increase in arecanut prices over the last one month. Speculating further jump in its prices, a section of arecanut traders have allegedly indulged in creating artificial scarcity by hoarding and triggering another round of price increase. K.T. Gangadhar, working president of the Karnataka Rajya Raitha Sangha, said that farmers were not getting any benefits out of this price rise.

### **Agriculture dept. to be renamed**

#### *To get separate annual budget*

The Agriculture Department will be revamped, renamed as the Department of Agricultural Development and Farmers' Welfare and provided with a separate annual budget, Minister K.P. Mohanan said here on Tuesday. Rounding off an hour-long special discussion in the Assembly on the Draft Agricultural Policy- 2013, he revealed the plans to introduce an income guarantee scheme for farmers and a benefit sharing mechanism under which they are assured of a share of the profits from the sale of value-added products based on their crops. He told the House that the government would ensure legislative backing for the recommendations of the K. Krishnankutty Committee that had prepared the draft document. The future programmes of the department would be based on the policy to be finalised soon.

#### Virtual classrooms

Select Krishi Bhavans would be equipped with virtual classrooms to enable farmers to interact and exchange ideas with their counterparts across the world.

A network of warehouses and silos would be constructed for safe storage of foodgrains and other crops.

### **Israeli technology to boost agriculture in Telangana**

*Team to visit Israel to study farm practices in that country*

The Telangana government is keen on harnessing new technology to make the State self-sufficient in agriculture and other allied products. In the coming years Telangana should be in a position to export agricultural produce to other States, said Minister for Agriculture and Horticulture P. Srinivas Reddy. He told presspersons here on Tuesday that in a few days he, along with a team of officials, would be visiting Israel to know first hand the agricultural practices and technology adopted there so as to replicate the same in Telangana. Earlier, the Minister held a meeting with visiting Israel officials Yahel Vilan, Deputy Chief of Mission, and Avifriedman, Counsel General, Trade and Economic Affairs, Israel. Mr. Reddy asked agriculture officials to achieve 100 per cent production in poultry, dairy, horticulture, pisciculture since the State had plenty of land, water, minerals and manpower resources. Unfortunately only 25 per cent of the agricultural produce was coming from the State and the balance was obtained from other States. Telangana farmers were supplying only 20 per cent of vegetables and the rest was coming from Karnataka, Maharashtra, Madhya Pradesh and Andhra Pradesh. Same was the case with milk. Hyderabad required 20 lakh litres of milk per day, but the government could supply only 4 lakh litres. "A cow in Israel yielded 40 litres milk per day while it is just 4 litres in Telangana," Mr. Reddy said and added that going for newer technology was essential to boost the production. As many as 72 constituencies in the State had no water and had to depend on rain-fed agriculture. There was also an acute shortage of groundwater. There was need to follow Israeli technology which ensured maximum yield with less water. "We want to promote horticulture in 10 lakh hectares," the Minister said. To a question, he said after the Cabinet approval the loan waiver scheme would be implemented benefiting 32 lakh farmers. The government was committed to honour all the promises it made in the manifesto. "In next five years no Telangana farmer should visit banks for loans," Mr. Reddy said.

### **Water level**

#### **Mettur**

The water level in the Mettur dam stood at 47.66 feet on Tuesday against its full level of 120 feet. The inflow was 2,485 cusecs and the discharge 2,000 cusecs.

Chennai

## Chennai - INDIA

### Today's Weather



Cloudy

**Wednesday, Jul 9**

Max Min

33° | 27°

Rain: 0

Sunrise: 05:48

Humidity: 66

Sunset: 06:39

Wind: normal

Barometer: 1004

### Tomorrow's Forecast



Cloudy

**Thursday, Jul 10**

Max Min

37° | 26°

### Extended Forecast for a week

Friday  
**Jul 11**



37° | 27°

Cloudy

Saturday  
**Jul 12**



37° | 28°

Cloudy

Sunday  
**Jul 13**



37° | 28°

Cloudy

Monday  
**Jul 14**



38° | 29°

Cloudy

Tuesday  
**Jul 15**



38° | 29°

Cloudy

### Airport Weather

Chennai

Chennai

Rain: 0

Sunrise: 05:47

Humidity: 75

Sunset: 06:39

Wind: normal

Barometer: 1005



**Won't Tolerate Harassment of Farmers: Speaker**



Speaker Kagodu Thimmappa on Tuesday issued a veiled threat to forest officials who harass farmers by threatening to evict them under the pretext of illegal encroachments. The speaker's warning came during a debate on the demands for the Revenue Department when D N Jeevaraj charged that farmers in his constituency (Sringeri) are facing eviction despite having valid revenue records. He said several families living in many villages in Sringeri taluk for many generations are being threatened by the forest officials to vacate their places. Exhibiting the notices served by the forest officers to these families to vacate their houses and stop cultivating lands despite having valid revenue records, he said, "The future of these villagers is uncertain." Wondering that revenue officials in the district are behaving like subordinates to forest officials, Jeevaraj said farmers with small holdings are being evicted contrary to the state government's decision. Revenue Minister V Srinivasa Prasad had earlier said farmers with land holdings below five acres would not be evicted. Intervening in the debate, Kagodu Thimmappa, to the surprise of the House, warned, "I will not allow this as long as I am sitting in this chair." Endorsing Jeevaraj's views, Thimmappa said, "I have also received complaints from villagers in my Assembly segment during a review meeting and warned the forest officials about it." Advising the government to set up a committee in each taluk and collect data on farmers who have taken up cultivation since 1978 on land allegedly owned by the Forest Department, he said, "As long as their holdings are regularised, the farmers should not be subjected to any hardship or harassment." As DCs in all the districts are believed to be serving notices on the basis of the Subramanian Committee report, Thimmappa wanted to know from the government whether it has accepted the report. "Unless the government accepts the report, the DCs



cannot initiate any action,” he said. Ramesh Kumar also criticised the forest officials for serving notices on the farmers based on a committee report “which has not been accepted by the government.” Chief Minister Siddaramaiah said, “The minister would clear the picture on the matter during his reply.”

### **Scanty Rainfall May Affect Production of Pulses**



Production of pulses, except red gram, is expected to plunge in the district because of poor rains. Gulbarga is one of the largest suppliers of red gram and other pulses to the state. While farmers in the district fear loss of income, consumers will be hit by the rise in prices of these essential pulses. Red gram, green gram and black gram are major pulses grown in the district besides Bengal gram, horse gram, black-eyed pea and hyacinth. The monsoon crop growing area in the district is 5.70 lakh hectares. It was planned to grow pulses in 4.23 lakh hectares, but so far, only 6 per cent of this has been sown. Had sowing started at the right time this year, the district would have produced 4.03 lakh metric tonnes of pulses. “The time for sowing of all pulses, except red gram, which is a major crop of the district, has expired,” Joint Director of Agriculture Jilani Mokashi told Express. If there had been sufficient rainfall this season, farmers would have sown other pulses, except red gram, by June 15. But now they are planning to grow only red gram, which they can grow if it rains before the end of this month. If the rains fail by then, it may impact the production of red gram as well. When asked about the options before farmers, he said they can shift to sunflower in August. “The district should have received 113 mm rain in June, but a few places received only 47 mm. There may be 60 per cent shortage of rain this month too,” he said quoting a report of the Meteorological Department. “Black gram and green gram were sown in 13,000 hectares in Chincholi taluk as it received some rain in the beginning. However, the seeds have not sprouted well due to lack of rain and humidity in soil. Forget about production, farmers have suffered loss of money invested in seeds as well,” said Mallikarjun Bhushetty, president of the Chincholi taluk unit of Krushika Samaj. “Arrival of pulses to the market will be



affected if scarcity of rains continues. While green gram is sold at Rs 4,825 to Rs 6,505 per quintal, black gram is procured at Rs 4,528 to Rs 6,251 per quintal. There is no arrival of pulses, except red gram and Bengal gram, in the market,” said APMC secretary Shivashankar. Last year, 27.06 lakh quintals of pulses arrived in the Gulbarga APMC and recorded a Rs 1,102-crore turnover. The turnover of red gram was Rs 831 crore for 19.80 lakh quintals, he further added.

### **Areca Prices Touch Rs 80K Per Quintal, Have Traders Worried**



The price of areca touched an all-time high on Sunday at Rs 80,299 a quintal at the Sahyadri Areca Marketing Cooperative Society in Thirthahalli. This has cast suspicion on the marketing process, especially among traders, who suspect the hand of vested interests behind the unnatural price rise. Various diseases have brought down the areca yield by nearly 45 per cent. Meanwhile, the number of gutka and paan production companies have increased. But even with the high demand for areca, this price is unnatural. Areca trader Sathish said that the government should intervene because at this rate the price of areca would soon cross `1 lakh per quintal. Malnad Areca Marketing Cooperative Society Ltd (MAMCOS) vice-president Narasimha Nayak said he never expected the price to increase this much. “This has not brought cheer to many areca farmers, 99 per cent of whom are small farmers from Malnad. Even low quality areca, Gorabalu, has also sold for Rs 50,000 a quintal, which is not a good development,” he said. State Price Fixation Commission chairman and scientist Prof Prakash Kammaradi told Express that this price rise is likely to continue. “If areca witnesses a steep fall in price, what will farmers who are used to the high price do? Such abnormal price rise is not good.” The commission is planning to conduct a study by collecting data from MAMCOS, the Central Arecanut and Cocoa Marketing and Processing Cooperative Ltd (CAMPCO) and Thotagars Association, he said. Another areca farmer, Guruprasad, said that with the present situation farmers may have to depute guards at their plantations. “A truck-load of areca will cost about Rs 2 crore, which could attract robbers. The price rise has created panic

us,” he said. On Sunday, red areca sold for `80,299 a quintal and Bette for Rs 78,099 a quintal.

### **Silver Lining for Farmers by IMD**

With Odisha reeling under drought-like situation, India Meteorological Department’s (IMD) prediction of rain in next couple of days has raised hopes among the farmers. The continuing dry spell in Odisha is likely to be compensated by normal rainfall that is expected from July 12, said LS Rathore, Director General of Meteorology here on Tuesday. Worrying predictions about less rainfall in the State due to El Nino factoring in has put the State Government on alert. The Government has already prepared an action plan to meet any exigency. But, Rathore’s statement that Odisha is expected to receive normal rainfall for about six days from July 12, which will make up for the deficit rainfall, has brought some relief for the Government. Rathore was speaking at a conference organised by IMD Bhubaneswar on ‘Users’ meet on severe weather event. “A low pressure formation in the Bay of Bengal will cause rainfall in peninsular and East India. We are expecting Central India to cope up with the deficit rainfall, but there is no hope yet for Western India,” Rathore said. He also spoke about the vital role played by media in informing weather related details. The media has matured and reporting has become more accurate now, but there is a need for greater interaction between IMD and reporters, he said. Paradip is expected to get its first Doppler weather radar before the cyclonic season commences in October. The proposal was first floated in 2012, but got delayed due to lack of clearance from the Home Ministry as the manufacturing units of the radar were located in China. Informing about the radar, IMD, Bhubaneswar Director Sarat Sahu said they received clearance for the radar from the Ministry recently and are hopeful of installing it by October. With the installation of the Doppler radar in Paradip, a greater accuracy in weather prediction (rainfall, wind direction, thundersquall) will be achieved. The radar costs about `15 crore. Special Relief Commissioner PK Mohapatra said every year about 300 people in the State die due to lightning. “With increased accuracy, we will be capable of advising people to stay indoors in case of a thundersquall,” he said.

### **Govt Freezes Forest NOC Given to 786 Acres**

In a major decision in the wake of strong protests from the Opposition, the government has frozen the forest NOC issued to the 786 acres of land at Karuna Estate in Nelliampathy. Announcing the decision in the Assembly on Tuesday while responding to an adjournment motion, Chief Minister Oommen Chandy said the findings of the three-member expert team entrusted to look into the issue would be placed before the Assembly in this session. Following the Chief Minister’s announcement freezing the

NOC, the Opposition decided not to walkout of the House. Speaking on the issue, Forest Minister Thiruvanchoor Radhakrishnan said three officials - Principal Chief Conservator of Forests and head of forest force V Gopinathan, APCCF Surinder Kumar and APCCF (Vigilance) C S Yalaki -have been asked to probe into the issue and come out with their findings. Thiruvanchoor said the Nenmara DFO issued 'conditional NOC' to the 786 acres of land after an 8-member panel appointed by the government entrusted the DFO for the same. Seeking leave for an adjournment motion in the issue of Nenmara DFO issuing NOC to 786 acres of land, A K Balan of the CPM alleged that the NOC was issued without following due process of law. He alleged that a letter issued by the APCCF to the Forests Secretary on August 12, 2011 in this regard was suppressed by the government to support the estate group.

## Subsidised Fertilisers for Farmers Being Diverted, Says Assn

**Express News Service**

**Coimbatore:** The Tamilzhaga Vivasayigal Sangam (Non-political) has urged the government to ensure that that farmers are getting direct fertilisers due to them at subsidised rates.

Large volumes of direct fertilisers like urea and pot-

**Large volumes of direct fertilisers like urea and potash are diverted for industrial use by officials, undermining the real purpose**

ash are diverted for industrial use by officials, undermining the real purpose. Malpractices by officials in the distribution chain have affected farmers in getting their due share, association district secretary M Senthilkumar said on Tuesday.

"We have come to know

that fertilisers distributed by government at subsidised rates are diverted for industrial purposes and dairy processing. Farmers are forced to source fertilisers without subsidies," he said.

Urea, a direct fertiliser for almost all crops, has a subsidy of ₹35,000 per tonne, when given to farmers. For potash, the subsidy is ₹16,000 per tonne.

Senthilkumar alleged that urea and potash stocks were often held back and not released to farmers.

As a pre-budget demand, the association wants the government to revamp the import policy of agricultural produce. It should promote the production of farmgoods that are in demand in the country itself and not promote imports.

"Import of palm oil from other countries has been continuing. It in no way benefits farmers here. The government can promote its production here to reduce imports," he said.

### **Nutmeg to become pricier on deficient monsoon**

The nutmeg crop in the country could be affected, leading to a consequent rise in prices, if the south-west monsoon doesn't make up for its deficiency last month. Given the weather conditions prevailing so far, nutmeg production in the country is estimated to be the normal 12,000 tonnes. "But, any deficiency in the monsoon this month will impact the current crop bringing down the output by 1,000 tonnes," Anand Kishore, President, India Pepper and Spices Trade Association (IPSTA), told *Business Line*. In view of deficient rain coupled with the humid weather conditions, a bullish sentiment has already built up in the market, he said. Investors, stockists, farmers and dealers are all are bullish, he said.

### **Weight matters**

From the 12,000 tonnes of wet nutmeg, the actual weight of nutmeg with mace will be 8,500 tonnes if the 30 per cent weight of the shell is deducted. Of this, the weight of the mace will be about 850 tonnes (10 per cent). Thus, 7,500 tonnes of nutmeg will be available after processing. The domestic nutmeg demand is estimated at 4,000 tonnes a year and exports are in the range of 3,000-3,500 tonnes. The carry-forward stock is around 500 tonnes, he said. At the same time the domestic requirement of mace is estimated at 1,500 tonnes against the production of 850 tonnes. The short fall in supply is met by imports from Sri Lanka and Indonesia, he said.

### **Domestic demand**

According to Anand, domestic demand is growing annually, albeit marginally, as its use by the consuming industry is on the rise. Both nutmeg and mace are widely used in spices masalas/powders, confectioneries, medicines and perfumes while whole mace is used in certain food items. The change in food habits is, in turn, pushing up demand. "There is growth in the annual demand but while there isn't a corresponding rise in the production," he said. The current farm gate price for wet nutmeg is Rs. 200 a kg, while for dried material it ranges between Rs. 275 and Rs. 285. Nutmeg without shell is traded in the range of Rs. 475 and Rs. 500. Price of medium grade mace is at Rs. 800 a kg. Red flower is traded between Rs. 950 and Rs. 1,000 while superior yellow flower fetches Rs. 1,200-50 a kg, he said. According to the Spices Board, Kerala almost produces all the nutmeg in the country. Nutmeg is cultivated on 17,545 hectares and the southern State, where the

spice is grown as a mixed crop, produces 11,911 tonnes. Karnataka and Andaman and Nicobar Islands make up the rest of the production.

### **Coonoor tea turnover falls 25% during January-June**

The cumulative turnover of the auctions of Coonoor Tea Trade Association (CTTA) in the first half of current calendar has fallen by 25.28 per cent compared to the same period of 2013. This has happened because 23 lakh kg less was sold despite shedding prices by Rs. 19 a kg, an analysis of the market reports reveals. Till June-end, 26 auctions had been held when both the export and domestic demand was slack. Prolonged snowfall in the US, Europe and Japan freezing the waterways, Ukraine-Russia war-like situation, political uncertainties in West Asia and adequate availability with traders in Pakistan limited export purchases. Most exporters picked up only low-priced teas. In absence of competitive demand from exporters along with uncertainties associated with the Lok Sabha polls, domestic traders also kept away when the asking price was more. Collectively, over 20 per cent of the offer remained unsold every week at CTTA auctions. To liquidate the unsold stocks, producers reduced the average price to Rs. 79.47 a kg from Rs. 97.83 last year. Still, the volume sold was only 2.64 crore kg against 2.87 crore kg last year. Consequently, the cumulative turnover in the six months dropped to Rs. 209.80 crore from Rs. 280.77 crore. This fall of Rs. 70.97 crore marked a decline of 25.18 per cent.

### **Coffee Board projects record crop next season**

Growers sceptical due to prolonged dry period, borer menace

<b>Brewing record output*</b>			
<b>State</b>	<b>Arabica</b>	<b>Robusta</b>	<b>Total</b>
Karnataka	80,700	1,67,600	2,48,300
Kerala	2,075	66,800	68,875
Tamil Nadu	13,175	4,700	17,875
Non-traditional areas	9,410	70	9,480
North-East	140	80	220
<b>Total</b>	<b>1,85,500</b>	<b>2,39,250</b>	<b>3,44,750</b>

\*In tonnes for 2014-15 season starting October

Source: Coffee Board

The Coffee Board has projected a record crop of 3.44 lakh tonnes (lt) for the new season beginning October, but growers are sceptical about the estimates. According to the Coffee Board's post-blossom estimate, Arabica output will be 1.05 lt and Robusta 2.34 lt. (The estimate of crop made after the coffee plant blossoms and spikes develop on the plant is the post-blossom estimate.) This is against a revised estimate of 3.04 lt this season ending September (1.02 lt Arabica and 2.02 lt Robusta). "I think this output could be difficult to achieve, especially with regard to Arabica. This is because even in best-maintained

plantations, there is heavy infestation of the white stem borer,” said Anil K Bhandari, former president of the United Planters’ Association of Southern India, and an exporter.

### **Other opinions**

“Such levels of production cannot come from the original area under coffee in the country. This year, most planters are complaining that their output will be down by at least 40 per cent as far as Arabica is concerned. In my own estates, the output will drop to 10 tonnes from 40 tonnes,” said Bose Mandanna, former Coffee Board Vice-Chairman and a planter in Kodagu, Karnataka. Due to a prolonged dry season, the menace of the white stem borer, which has been wreaking havoc in coffee plantations over the past decade, is a serious threat this year. “Maybe, the estimate put out by the Coffee Board was the situation prevalent during blossom. After that, there has been a tremendous loss in the estates due to the borer menace,” said Bhandari. This year, coffee estates are reported to have received timely showers for blossoming of the coffee flower. Follow-up showers, required for growth of the plant, were also good before the borer menace spread panic. According to the Board estimate, Karnataka will contribute 72 per cent of the coffee production next season, up from nearly 70 per cent this season. Output in Karnataka will be 2.48 lt (80,700 tonnes Arabica and 1.67 lt robusta) against 2.11 lt this season (78,440 tonnes Arabica and 1.32 lt Robusta). Kodagu’s contribution will be 43 per cent with 20,150 tonnes of Arabica and 1.13 lt of Robusta (21,040 tonnes Arabica and 90,820 tonnes of Robusta). Last year, its contribution to the country’s coffee production was 36 per cent.

### **Fears of drought**

“It is almost like a drought situation in Kodagu. It is unlikely that the district will provide so much coffee this year,” Mandanna said. “It is likely that the Coffee Board could revise the estimate downwards after taking into account the effect of monsoon and other things. It should carry out another estimate later and put it out during October-November. That could perhaps reflect a correct picture,” Bhandari said. According to plantation industry sources, for the last few years, the Coffee Board has been putting out a higher projection of the crop in its post-blossom estimate. “This has been happening for sometime now. They come out with a higher figure and then revise it. Who gains from such estimates?” a source wondered. Last year, the Coffee Board initially estimated the crop at a record 3.47 lakh tonnes before pegging it finally at 3.04 lakh tonnes. This season’s production estimate was lowered after heavy rains in the growing areas led to wet feet in coffee plants resulting in the roots growth freezing. This led to coffee berries falling off the



plant, leading to loss. “The Board has to revise its methodology in estimating the crop. Then, perhaps it could be nearer to reality,” the source said.

### **Centre urged to curb rubber imports**



Concerned over the decline in rubber prices, the Kerala State Cooperative Rubber Marketing Federation (RubberMark) has called upon the Centre to take immediate steps to curb rubber imports. Unrestricted imports due to surplus production in rubber producing countries has led to a drop in domestic prices and this has put over 15 lakh rubber growers in Kerala in a serious crisis, TH Musthafa, President, RubberMark said. Addressing a press meet here on Tuesday, he said that Indian tyre manufacturing companies are depending on imported rubber. However, he said that tyre prices have not declined along with the drop in rubber prices. He said that the Centre should change its policy towards imports. The RubberMark President asked the Kerala Government to send an all-party delegation to New Delhi to meet the Prime Minister, Commerce Minister and the Finance Minister with a demand to stop rubber imports. The domestic rubber prices have declined from Rs. 208 per kg to Rs. 144 as of Tuesday. Besides, the higher labour wages for tapping has led to a decline in production. Moreover, the imports have gone up considerably touching 3,25,190 tonnes in 2013-14 from 2,13,785 tonnes in 2011-12, he said. He also called upon the Kerala Government to take sincere efforts to sanction Rs. 10 crore that was earmarked in the State Budget. This amount has been approved for RubberMark to procure rubber at Rs. 2 more than the market price to help rubber growers. Though a consortium of district cooperative banks have been formed to disburse the money, he said there was no progress so far. According to Musthafa, RubberMark has procured 110 tonnes this year by extending a financial assistance of Rs. 1.64 crore to growers in the State.



## **Mixed trend in spot rubber**

Spot rubber prices were mixed on Tuesday. Most counters were steady in a comparatively dull trading session while RSS 4 improved a tad amidst scattered transactions. Sheet rubber firmed up to Rs. 143 ( Rs. 142.50) a kg, according to traders. The grade closed steady at Rs. 143 and Rs. 140 respectively, as given by the Rubber Board and dealers. July futures closed at Rs. 142 ( Rs. 142.20), August at Rs. 142.29 ( Rs. 142.29) on the National Multi Commodity Exchange. RSS 3 (spot) declined to Rs. 119.72 ( Rs. 121.66) at Bangkok. July futures closed at ¥193 ( Rs. 113.52) on the Tokyo Commodity Exchange. Spot rubber rates ( Rs. /kg): RSS-4: 143 (142.50); RSS-5: 136 (136); Ungraded: 132 (132) ISNR 20: 126 (126) and Latex 60%: 113.50 (115.50).

## **Monsoon, a key driver of the Indian economy**

Below-normal rain will result in agricultural production declining

India, predominantly an agriculture-based economy, is largely dependent on the monsoon. The agriculture sector is the backbone of the Indian economy and thus, monsoon should be considered as the backbone of agriculture. The four-month South-West monsoon season, accounts for nearly 75 per cent of the country's total rainfall and plays a crucial role as about 55-60 per cent of the area sown is still rain-fed. India gets nearly 53 per cent of its agricultural produce from the kharif season (June-September) compared to the rabi season (November-February), where the production is around 47 per cent. The impact of the monsoon is also crucial for rabi crops as it has an impact on the ground water and also reservoirs which are critical for rabi crops irrigation. Agriculture contributes some 14 per cent of gross domestic product (GDP) in Asia's third-largest economy and any divergence from the normal progress or distribution will have direct impact on the agricultural output and a cascading effect on the overall economy, food inflation and therefore, consumer spending in India. The onset of monsoon this year is behind schedule and the rainfall from the start of the season is 43 per cent below normal. The Indian Meteorological Department initially forecast monsoon below normal at 95 per cent of the long period average (LPA) and then revised it to 93 per cent of LPA in its second long range forecast. Skymet, a private agency, forecast monsoon at 94 per cent of LPA initially. However, with monsoon advancing slowly, Skymet has lowered its forecast to 91 per cent of LPA, a cause for concern. Weather forecasting agencies across the globe have forecast 60-70 per cent chances of El Niño emerging later this year and this could further affect the latter half of the monsoon. Now, we have to see the severity of El Niño. Deficient monsoon from the start of the season has not only delayed sowing

but also led to a decline in the acreage of most kharif crops viz rice, pulses, cereals, oilseeds and cotton. Total area sown is nearly 34 per cent lower compared with the corresponding period a year ago. The NDA Government has hardly been in power for a month-and-half and has accorded priority to taming surging inflation and food prices. However, deficient monsoon is playing a spoilsport as it is leading to a spurt in prices of fruits and vegetables. The Government has been proactive and has taken a slew of measures such as increasing the MEP of onions to discourage exports and restricting fresh positions in potatoes on the futures market among others. The Government has also warned of strict action against hoarders. A weak monsoon this year can lead to a decline in agricultural production. Lower output of pulses and oilseeds will lead to increased imports, denting the food import bill which in turn will impact the fiscal deficit and economy. Earlier expectations that the RBI may cut the interest rates may now take a backseat. It is now important to track the further advancement of the monsoon in the days to come. The IMD expects a revival in the coming days. Apart from monsoon, the distribution across regions and its withdrawal will also play a crucial role in determining production of agricultural commodities. The writer is Associate Director-Commodities & Currencies, Angel Commodity Broking

## Business Standard

### Poultry products cost more on high feed prices



Chicken and egg prices have both moved up despite this being a lean demand season, due to steep rise in feed prices. Broiler prices are up six per cent since July 1 and eggs by 17 per cent. An egg now costs Rs 3.50 and a kg of broiler chicken is sold at Rs 70, against Rs 3 and Rs 66 a kg, respectively, as of end-June. Usually, the price of poultry products increases either during the peak summer or winter, depending on the movement in feed prices. "The industry could not wait for the winter season to set in to raise chicken and egg prices, due to an exponential spurt in feed prices. Both maize and soya prices have risen sharply in the past few months, a part of which was needed to be passed on to

consumers for survival of the industry,” said K J Anand, general manager of Venkateshwara Hatcheries, which sells poultry products under the Venky’s brand name in India and abroad. In recent months, maize prices have risen to Rs 15 a kg from Rs 12 a kg and soya to Rs 50 a kg from 35 a kg. A report from Rabobank International says rising feed prices are the poultry industry’s biggest challenge. “Soymeal price increased 40 per cent from \$548 a tonne in January to \$780 a tonne in May. This was an unwelcome cost increase for the industry, already operating with surplus production and weak prices due to the weak domestic poultry market, in which consumers are reducing chicken purchases to save costs in the current economic downturn. Under these circumstances, the industry does not have the power to pass on the higher costs to customers, resulting in losses,” said Pawan Kumar, an analyst with Rabobank. India’s poultry industry had experienced one of the worst first quarters (January–March) in the past five years. Average profitability in the quarter declined 70 per cent over a year earlier and from a five-year average. After a surge to Rs 80 a kg of broiler and Rs 4 an egg during peak summer, prices fell to Rs 66 a kg and Rs 3 an egg towards June-end.

## POULTRY PLAYERS' PERFORMANCE

(Consolidated quarterly figures in ₹ crore)

Company	Net sales Mar '14	YOY % chg	Net profit Mar '14	YOY % chg
<b>Venky's (India)</b>	433.33	<b>3.13</b>	9.71	<b>-41.72</b>
<b>Simran Farms</b>	101.96	<b>23.77</b>	9.95	<b>-19.37</b>
<b>Srinivasa Hatch</b>	36.18	<b>-5.51</b>	2.28	<b>307.14</b>
<b>RNB Industries</b>	0.00	-	-0.25	-

Source: Capitaline

Compiled by BS Research Bureau

During the rainy season, demand for poultry products is lower due to the festival period, starting with Ramzan and followed by Dussehra and Diwali. Demand is also uncertain due to subdued economic conditions. Business chamber Assocham estimates the Indian poultry market at about Rs 49,000 crore currently and growing at 10-12 per cent annually; it is estimated to hit Rs 2,017 crore by 2017. “Egg and chicken prices below Rs 4 apiece and Rs 80 a kg are unviable for farmers. A number of unorganised sector players have shut due to viability issues. Many more will follow if the price does not recover,” said Anand. Less monsoon rain and increased demand for soymeal in the international markets is expected to lead to an increase in average prices of poultry feed by 25-30 per cent. Feed is a key input in poultry farming and this rise suggests prices of eggs and chicken might rise 15-20 per cent. The rise in feed prices is also likely to put pressure on poultry producers’ margins.

## **BS primer: Essential Commodities Act**



In 1955, the central govt implemented the Essential Commodities Act (ECA) to control and regulate the trade and prices of commodities declared essential under the Act. The Act is again in the news, with the govt bringing onions and potatoes under its purview.

### **What does the Act deal with and who implements it?**

The Act empowers central and state governments to control the production, supply and distribution of certain commodities due to rising prices and to take measures, including licensing, distribution, stock limits, etc. Governments can also fix prices — selling particular commodities above the limit attracts penal action. The Act also helps deal with black-marketing.

Which commodities are covered under the Act?

- Petroleum and petroleum products.
- Food items, including edible oil and seeds, vanaspati, pulses, sugar cane and its products, and rice.
- Jute and textiles.
- Drugs: Prices of essential drugs are still controlled by the drug price control order.
- Fertilisers: The fertiliser control order prescribes restrictions on the transfer and stock of fertilisers, apart from prices.

Through various amendments, the government has, in the past, removed many products, including herbicides, fungicides and exercise books, from the purview of the Act. The Union cabinet has decided to bring onions and potatoes under the ECA, but a notification in this regard is awaited. The notification will clarify aspects such as executing authorities and stock limits. Both commodities were removed from the ambit of the Act through an order on November 25, 2004.

### **What powers do central and state governments have?**

The ECA empowers the Centre to set stock limits for states and act on hoarders to ensure

smooth supplies and cool prices. Usually, the Centre specifies upper limits in case of stock holding, while states prescribe the specific limits. However in case of difference between states and the Centre, the view of the latter prevails, the Act specifies.

### **What are the penal provisions under ECA?**

Section 7(1) a (1) of the Act specifies violations related to maintaining records, books, filing returns, etc. Such offences are punishable with jail terms of three months to a year.

Section 7(1) a (2) applies to major offences, and involves jail terms up to seven years.

### **Who executes the Act?**

Food and civil supply authorities execute the provisions of the Act. Generally, these authorities, along with local police, raid the premises of businessmen to ascertain whether or not there are violations. In case a state doesn't want to accept the Centre's suggestions on implementing any provision, it can do so. There are reports Maharashtra doesn't impose stock limits for onions and potatoes and Uttar Pradesh doesn't enforce the entire Act.

### **Will the Act be made more stringent?**

The Centre has said it wants to make offences under the Act non-bailable. Kirti Parekh, an advocate specialising in ESA, says, "This means only courts can grant bail under the Act; the police cannot grant the bail. Major offences under Act are non bailable, as the Criminal Procedure Code says a jail term of more than three years is non-bailable."

### **India exports 17.5 lakh tonne sugar from Oct-Mar**



India has exported 17.5 lakh tonne sugar during the first six months of the 2013-14 marketing year ending September with maximum quantity shipped to Iran, Parliament was informed today. According to the data provided by the Minister of State for Food and Consumer Affairs Raosaheb Patil Danve, in a written reply to Lok

Sabha, India exported 17,53,840 tonnes during the October 2013 and March 2014 period. The country had exported 3.48 lakh tonnes of sugar in the full 2012-13 marketing year (October-September), as per the data compiled by the apex sugar industry body ISMA. Iran was the major exporting destination for India at 3,65,880 tonnes, followed by Sudan (2,42,654 tonnes), Sri Lanka (2,24,391 tonnes), United Arab Emirates (1,41,388 tonne) and Somalia (1,27,077 tonnes), the government data showed. Exports have increased in the 2013-14 marketing year on the back of surplus stock and incentives offered by the Centre in February for export of four million tones of raw sugar. Sugar production of India, the world's second largest producer and biggest consumer, is estimated to fall at about 242 lakh tonnes in 2013-14 marketing year (October-September) compared with nearly 252 million tonnes in the previous year. The minister said that sugar prices are currently stable in the domestic market. "The prices of sugar in the domestic market depends upon the number of factors viz, cost of raw material, conversion cost, production, domestic demand and supply situation, market sentiments, international sugar price etc. As such it is not possible to indicate the impact of one factor alone," Danve added.

### **Potato up 3% on rising demand**



Supported by rising demand in the spot markets, potato prices were up by 3% to Rs 1,464.20 per quintal in futures trading today, as speculators enlarged positions. Besides, restricted arrivals from producing regions buoyed the sentiments. At the Multi Commodity Exchange, potato for delivery in far-month September spurred by Rs 42.60, or 3% to Rs 1,464.20 per quintal in business turnover of 4 lots. Potato for delivery in August contracts also traded Rs 23.80, or 1.68%, higher at Rs 1,440 per quintal in one lot. Marketmen attributed the sharp rise in potato futures to rise in demand in the spot market against restricted arrivals from producing belts such as UP, Punjab and Madhya Pradesh.



## Government mulls harvesting degraded forests



India's forest cover continues to hold steady at 21 per cent of the country's geographical area despite pressure from increasing population, urbanisation and industrial use, and increased demand for cattle grazing, according to a government survey. While total forest cover remains stable, there has been an increase of nearly 3 per cent in open forest area, which has the lowest tree canopy density. The government plans to "harvest forests" in these areas and in degraded forests which are classified as scrub. The total forest cover has increased by a little less than 1 per cent between 2011 and 2013, according to the India State of the Forest Report 2013, a biennial report prepared by the Forest Survey of India. The total area under forest cover now stands at 697,888 sq km, or 21.23 per cent of the geographical area, compared to 692,027 sq km in 2011. Environment Minister Prakash Javadekar, who released the report on Tuesday, said the 8 per cent degraded forests in India present many possibilities in a country that imports wood. "So in areas with degraded forests, we can harvest forests — in the total area we could earmark a portion, say 20 per cent, for livelihood use of the local people and the remaining 80 per cent area could be for harvesting forests," he said. "This would have the benefit of creating jobs as well as increasing the forest cover." The minister declined to give any details of the plan, citing the ongoing session of Parliament. Forest officials said they were not displeased with the findings, especially since the pressure on forest areas has been on the rise. The area covered by very dense forests - with tree canopy density of 70 per cent or more - rose by just 31 sq km. However, there has been a sizeable decline of moderately dense forests - by 1,221 sq km, or 0.62 per cent - and a substantial increase in open forests, which have tree canopy density of more than 10 per cent and less than 40 per cent. These developments could be seen as possible causes of concern. Tree canopy



density refers to a measurement that compares the amount of sunlight above the trees with the amount near the surface. The Status of Forest Report, which is in the nature of a survey, doesn't draw any conclusions. But an analysis of the loss of 1,257 sq km of forests across 13 states makes it clear that agricultural cultivation practices, mining, and other developmental activities have contributed to the loss forests. The loss is most marked in the North Eastern region, with Nagaland (274 sq km) leading the pack, followed by Tripura (111 sq km), Manipur (100 sq km), Arunachal Pradesh (89 sq km) and Mizoram (63 sq km). In these states, the decline has been attributed to mining activities, encroachments, developmental activities and rotational felling of trees. The survey reports an increase of 7,128 sq km of forest cover, the bulk of this on account of plantation activities outside the recorded forest areas - areas described as forests in government records. West Bengal leads the list with an increase of 3,810 sq km of forest cover. Other states with sizeable increase include Odisha, Kerala, Jharkhand, Bihar and TamilNadu.

### **Coffee output likely to jump over 13 per cent this year, says Coffee Board**



The Coffee Board estimates India's 2014-15 coffee production at 3,44,750 tonnes, an increase of 13% over the final estimate for last year. Based on the board's post-blossom forecast, this year is expected to be better for robusta than last year when the crop had suffered due to heavy rainfall. It forecasts arabica production at 1,05,500 tonnes and 2,39,250 tonnes of robusta output in 2014-15 In a news release, the board said blossom showers were by and large adequate though their distribution wasn't uniform. There was a slight delay in receiving the backing showers in certain pockets and after the rains, coffee areas witnessed an abnormally long dry period for the second successive year. As a result there has been a severe attack of white stem borer resulting in a crop loss in

Arabica, the board said. The continuing dry spell will have a negative impact on the development of coffee berries, it said. However, growers say actual production could be lower than the post-blossom estimate of the board. Karnataka Planters' Association Chairman D Govindappa Jayaram said: "We expect arabica output to be 30% lower. We feel it should be in the range of 60,000-65,000 tonnes because of white stem borer attack. For robusta, our estimate is 2.20-2.30 lakh tonnes." He said the board's post-monsoon estimates could change from the current figures. The final estimate of the board for 2013-14 has put arabica production at 1,02,000 tonnes and robusta at 2,09,500 tonnes. Growers' estimates were around 80,000 tonnes and 2,00,000 lakh tonnes, respectively.