

## **Farmers pin hopes on showers**



Pinning hopes for the timely onset of showers this year to suit the kuruvai, thaladi, and samba crops this year, farmers of Tiruvaiyaru commenced agricultural activity in their fields at Parthuthikadu near Panangudu near Tiruvaiyaru on Monday.

Called “Nal Eruum Pootum Vizha”, the function brought out the conventional system of cultivation of the fields.

Farmers of the village came to the fields with plough along with bulls and after preliminary puja started ploughing the fields.

The festival falls close to the Chithirai festival during the Tamil month of Chithirai in the almanac.

They sowed paddy seeds in the fields and assured that they would harvest the fields with adequate ret this year.

## **Farmers deprived of pumpsets says AAP**

*Demands removal of dark, grey area tag from district; Mescom promises action*

Alleging that the farmers of taluks of Belthangady, Bantwal and Sullia in the district are being deprived of irrigation sets, classifying them as “dark areas”, several members of the

Aam Aadmi Party (AAP) protested outside the Mescom office on Monday. Mescom has promised quick action.

In 1997, the rural taluks were classified as dark and grey areas — with a prohibition to install three-phase Irrigation Pumpsets (IPs) — by the State government based on the extent of reduction of groundwater levels, said M.R. Vasudev, AAP Lok Sabha candidate.

“However, in the 2009 survey, the three taluks were removed from the list. Mescom has been sleeping on the issue and has still not authorised the IP sets in the area. ,” he said.

M. Govindappa, managing director, Mescom, said executive engineers will soon be asked to lift the ban.

### **175 lakh MT of wheat procured in Punjab and Haryana**

Of the various arrivals during the ongoing harvest of the Rabi crops, government agencies and private millers have procured nearly 175 lakh metric tonnes of wheat in Punjab and Haryana.

According to releases by the respective State governments, 111.76 lakh MT and 63.12 lakh MT of wheat have been procured in Punjab and Haryana respectively till Sunday evening.

The Central government agency, Food Corporation of India, has procured 17.42 lakh MT in Punjab and 7.85 lakh MT in Haryana.

While Sangrur district with 9.54 lakh MT topped the table in Punjab, Sirsa district with 8.87 lakh MT recorded the highest in Haryana.

The Punjab government-run co-operative federations MARKFED accounted for 24.52 lakh MT, PUNSUP procured 23.21 lakh MT and PUNGRAIN mopped up 18.82 lakh MT of wheat arrivals in various grain markets.

Similarly, in Haryana, HAFED led the procurement.

### **Star cast at mango fete**



It was during an earlier edition of the National Honey and Mango Festival that the brand of the 'Kosseri Mavu' was first made known.

Each fruit weighs at least a kilogram, with the larger ones exceeding two. The scent and flavour of this mango is not diluted. No artificial chemicals have meddled with its growth and it has become one of the most sought after variants.

At the 5<sup>th</sup> National Honey and Mango Festival ongoing at the Sooryakanthi grounds, all 750 of the Kosseri saplings brought were sold out in four days. Brought from a nursery in Thodupuzha, where they were first grafted and developed, each sapling costs Rs.500.

“But its reputation seemed to far outweigh any concerns about the cost considering,” said Ajay Chandran, Project Officer with the State Horticulture Mission, which is organising this festival.

The downpour during the first few days may have dampened sales, but as soon as it abated during the weekend, people came out in droves. On Saturday alone, 10 tonnes of fruit was sold by the farmers’ collectives. Sanghamyathi Farmers Producer Company Ltd. has brought with them 40 tonnes of fruit and they say nearly 25 tonnes have been sold already. They have also introduced massive discounts with even the Alphonso Mango going at a rate of Rs.70 per kilogram.

But the star among the collection of 12 mangos has been the ‘Chakkarakutty’. This ‘pulissery’ ingredient is hard to find in local stores and markets.

### **Sugarcane growers to picket mills**

Expressing anguish over the inordinate delay in distributing payment to sugarcane farmers by sugar mill owners, the growers have decided to start picketing the sugar mills of the district from May 15.

Srimant Duddagi, district president of Sugarcane Growers’ Association said that most of the sugar mills of the district and the State have defied the government order of paying Rs. 2650/tonne to sugarcane.

He said that all of them were paying only Rs. 1800/tonne even though the price of sugar has gone from Rs. 2600/quintal to Rs.3400/quintal in the open market. He alleged that most mills have not paid pending bills for last three month, which he said was also the violation of government order.

Mr. Duddagi claimed that six mills together had to pay bills of Rs. 324 crore to the farmers. While they have so far crushed 36 lakh tonnes of sugarcane, the money for 18 lakh tonnes have not been paid, he said.

## Water level

### MADURAI



The water level in the Periyar dam stood at 114.80 feet (permissible level 142 feet) on Monday with an inflow of 500 cusecs and a discharge of 500 cusecs.

The level in the Vaigai dam was 28.58 feet with an inflow of 449 cusecs and a discharge of 40 cusecs. The combined storage in Periyar credit was 1,361 mcft.

The rainfall recorded (in mm) during the last 24 hours ending at 8.30 a.m. on Monday was as follows:

Periyar 16.4, Thekkady 12.4, Shanmuganadhi 16 and Veerapandi recorded 6 mm of rainfall, PWD officials said.

### TIRUNELVELI

The water level in Papanasam Dam on Monday stood at 53.40 feet.

The dam had an inflow of 420.35 cusecs and there was no discharge.

The level in Manimuthar Dam stood at 67.55 feet.

The dam had an inflow of 73 cusecs and the discharge was nil.

Chennai

## Chennai - INDIA

### Today's Weather



**Tuesday, May 13**

Max Min

Sunny

35° | 28°

Rain: 0

Sunrise: 05:44

Humidity: 71

Sunset: 06:26

Wind: normal

Barometer: 1008

### Tomorrow's Forecast



**Wednesday, May 14**

Max Min

Partly Cloudy

38° | 28°

### Extended Forecast for a week

Thursday

Friday

Saturday

Sunday

Monday

**May 15**

**May 16**

**May 17**

**May 18**

**May 19**



38° | 28°

36° | 29°

35° | 29°

35° | 29°

36° | 29°

Partly

Partly

Partly

Partly

Partly

Cloudy

Cloudy

Cloudy

Cloudy

Cloudy

### Airport Weather

Chennai

Delhi

Rain: 0

Sunrise: 05:32

Humidity: 94 Sunset: 07:03

Wind: normal Barometer: 1009



# Business Standard

Onion spot prices soar 31% in 2 days, likely to stay high



Onion prices have soared up to 31 per cent in the past two days on stock building by bulk consumers, stockists and large farmers. The sudden spurt in bulk demand has pushed market sentiment, supported by this year's lower output estimates on unseasonal rain, followed by [hailstorms](#)

In the benchmark [Pimpalgaon](#) (Maharashtra) spot mandi, the price rose 31.2 per cent on Monday to trade at Rs 1,050 a quintal, against Rs 800 a qtl on Saturday, showed data from the National Horticultural Research and Development Foundation (NHRDF), a Nashik-based premier research house. Similarly, in Chennai, onion moved up 20 per cent on Monday to Rs 1,800 a qtl from Rs 1,500 a qtl two days earlier. All other markets are following the trend, though to a lesser extent.

In a rush to ensure large quantities for future use, bulk consumers have jumped into the market to book as much as possible. Also, stockists and large farmers who've built holding capacity over the years approached small farmers directly. "Consequently, supply to spot mandis fell sharply. In short, bulk consumers and stockists are directly dealing with farmers to ensure supply, with the objective of selling in the lean season," said R P Gupta, Director, NHRDF.

Before the rains and hail in March–April, the country’s output was estimated to hit a record 19 million tonnes (mt) in 2013-14, against 17.51 mt in 2012-13 and 16.8 mt in 2011-12. Now, however, output is expected to decline 15-20 per cent, owing to crop damage.

“Demand is largely seen from bulk consumers and stockists.

Therefore, [onion prices](#) will remain elevated this year, due to lower output. We cannot rule out prices hitting last year’s level,” said Atul Shah,

Director, Agricultural Produce Marketing Committee, Pimpalgaon. Last year, consumers

shed tears when onion prices hit Rs 80 a kg and Rs 100 a kg in wholesale mandis and retail marketplaces, respectively.

The harvesting season is about to end across the country and analysts would get a clearer picture on crop estimates. Lower output might affect [onion exports](#), too. In volume terms, these fell by 25.5 per cent to 1.36 mt during 2013-14, against 1.82 mt the previous year. But an increase in per unit value sent the realisation up 25 per cent to Rs 2,877 crore in FY14 as compared to Rs 2,294 crore the previous year. India exports to North Africa & West Asia, and a number of neighbouring countries.

## MORE TEARS

### Model onion price and arrivals

	Price (₹/quintal)			Arrivals (in quintals)		
	May 10	May 12	% chg	May 10	May 12	% chg
Chennai	1,500	1,800	20.00	4,500	5,000	11.11
Delhi	1,170	1,180	0.85	12,090	2,201	-81.79
Jodhpur	700	800	14.29	1,235	1,755	42.11
Lasalgaon	950	975	2.63	11,500	12,000	4.35
Manmad	725	825	13.79	6,500	5,300	-18.46
Pimpalgaon	800	1,050	31.25	10,250	10,600	3.41
Surat	950	1,000	5.26	1,600	1,600	-

Note: In case of market closure, data taken from previous day

Source: National Horticulture Research and Development Foundation



## MP likely to miss wheat procurement target again



Against expectations of 8.5 million tonne, Madhya Pradesh has so far procured 6 million tonne of [wheat](#) this season which is now petering out.

Most of the quantity of the commodity procured is kept under [kachha cap](#) thereby triggering a loss of nearly 10-12 percent, against state claims of 11.2 million storage capacity.

The procurement process would come to an end at May 25. State had already revised its wheat production estimates downwards from 19.2 million tonne to 17 million tonne this year. During, March-April it estimated 11 million tonne and revised for another time to 10 million ton. But later it revised to 8.5 million ton due to unseasonal rains. As many as 30000 villages have been affected badly due to rains and wheat crop suffered a heavy loss in most areas.

Also, private players preempted wheat buying as millers faced shortage of the commodity last year.

“State civil supplies corporation has procured 4.2 million tonne while [MP Marketing Federation](#) Cooperative Limited has procured 1.8 million tonne of wheat at Rs 1500 per quintal with minimum support price of Rs 1,400 per quintal and Rs 150 state bonus on

it,” a highly-placed official in agriculture department said.

Madhya Pradesh emerged as a new wheat growing state with a procurement record of 8.5 million ton of the total 12.7 million tonne production but during the subsequent year market players triggered a and restricted the government agencies at 6.6 million tonne at various procurement centers. Procurement process require Rs 10,000 crore against which state has this year made arrangements of a credit limit of Rs 18,690 crore with Reserve Bank of India so that it can pay farmers.

### Blossom showers raise hopes of higher coffee crop in 2014-15



Widespread [blossom showers](#) in major [coffee](#) growing regions in South India have raised revival hopes for the plantation commodity this year. Most of the growing regions in Chikmagalur, Kodagu and Hassan districts of Karnataka, which account for 70% of national coffee production, have received satisfactory rains in the months of March and April.

According to planters, satisfactory blossom showers in these two months is crucial for good crop for the year and the growing regions, except in parts of South Kodagu, have received between 8 and 10 inches of rainfall. Going by the current indications the coffee crop for 2014-15 could be in the range of 310,000 tonnes, an increase of 10-11% over last year.

The Karnataka Planters Association ([KPA](#)), the premier body of coffee planters, has estimated the harvested crop for 2013-14 at 280,000 tonnes. Coffee traders have

estimated a little more than this and peg the production at 290,000 tonnes. However, the Coffee Board is yet to come out with the final figures for the harvested crop.

"The growing regions have received satisfactory rains more or less. The plantations are in the pinhead development stage at present. The conditions are favourable for [Robusta](#) crop and compared to last year, when we witnessed very high temperatures during the months of April and May, the situation is better this year," said Nishant R Gurjer, former chairman of KPA and a coffee grower.

Though it is premature to estimate the exact production numbers for this year, the present conditions point towards a better crop than last year. The production for 2014-15 could be in the range of 310,000 tonnes, he said.

However, the growers are facing white stem borer pest attack at most of the places, which could impact the crop negatively, he added.

"This year being an 'On-Year' for coffee, the production of Robusta could be in the range of 230,000 tonnes and [Arabica](#) around 80,000 tonnes," Gurjer estimated.

According to analysts, higher crop in India will not have any significant impact on the prices globally. Normally, Brazil, which grows a majority of world coffee, dictates the global prices. For the current year, the prospects of a smaller-than-expected crop in Brazil due to prolonged dry weather has led to upward momentum in prices.

Arabica prices for July delivery are ruling at 183.90 cents per lb (pound) compared to 125.97 cents per lb in December 2013, showing a gain of 46%.

"The price impact will be negligible as coffee prices are dictated by Brazil. Indian coffee growers have already seen a price rise of over 50% to Rs 11,000 per bag (ex-farm gate) ever since Brazil reported that its crop for 2014 would be lower than expected. Higher production in India will not have any significant impact except that the exporters would have little more to export than last year," Gurjer said.

## Chana up 0.3% as demand picks up



[Chana](#) prices moved up by 0.33% to Rs 3,064 per quintal in futures market today as speculators enlarged positions, driven by pick up in demand in the spot market.

At the [National Commodity and Derivatives Exchange](#), chana for delivery in June moved up by Rs 10, or 0.33% to Rs 3,064 per quintal with an open interest of 1,43,320 lots.

Similarly, the commodity for delivery in May gained Rs 8, or 0.27% to Rs 2996 per quintal in 24,130 lots.

Analysts said fresh positions built-up by speculators driven by rising demand in the spot market, influenced chana prices at futures trade.

## Cardamom up 0.6% on rising demand



Amid rising spot demand, [cardamom](#) prices rose 0.64% to Rs 1,067 per kg in futures trade today as speculators enlarged positions.

Besides, restricted arrivals from growing regions influenced cardamom prices.

At the [Multi Commodity Exchange](#), cardamom for delivery in May moved up by Rs 6.80, or 0.64% to Rs 1,067 per kg in business turnover of 2 lots.

Likewise, the spice for delivery in June contract edged up by Rs 1.30, or 0.13% to Rs 1,006 per kg in 197 lots.

Analysts said besides some export enquiries, good demand in spot markets attributed rise in cardamom prices at futures trade.

### **Domestic buyers feast on Alphonso mangoes**

Sixty-five-year old Leela Sarnath is busy in her kitchen. The whirring sound from her high-tech blender can be heard from a distance.

The aroma of the mangoes, nutmeg and cardamom hangs in the air as she whips up the 12th mango lassi of the day for her five grandchildren, who are spending their summer vacation with her.

Sarnath, who stays in Central Mumbai, loves mangoes and over the last month her family of eight have consumed about 25 dozen mangoes – helped by a 60 per cent drop in prices.

That's happened because the European Union, a major importer of mangoes, has banned Indian mangoes due to fruit fly infestations.

### **Cheaper mangoes**

At Mumbai's Crawford Market, premium quality Alphonso mangoes are available at Rs. 400 a dozen, against last year's Rs. 1,200.

These mangoes, known for their unique texture and flavour, are grown in the coastal Ratnagiri and Sindhudurg districts of Maharashtra.

A beaming Sarnath says that this summer she has spent a mere Rs. 9,000 for mangoes. Last year, the same quantity would have cost about Rs. 23,000.

Vivek Bhide, a prominent doctor from Ganapatipule near Ratnagiri, who is also a mango farmer, said that prices started to drop rapidly after April 20 as farmers started liquidating their stocks. Besides, there is competition from imitation trade.

Bhide said that in 2001, Karnataka also started cultivating Alphonso mangoes in a big way, resulting in additional supply today from that State.

Traders simply brand those mangoes as Ratnagiri Alphonso and sell it in the market.

### **Pest infestation**

He pointed that the problem of fruit flies infestation in mangoes is manageable – provided farmers use pheromone traps on a community scale.

These traps are expensive and their chemicals are also not easily available.

The State Government should provide subsidy to the farmers for buying the traps, he said.

Pheromones are chemicals released by insects in small amounts to attract the opposite sex.

Scientists have developed synthetic pheromones, which are laid in a trap to attract and kill them.

These traps disrupt the mating cycle of insects, which leads to a decline in their population.

Director of Bangalore-based Kanakadhara Agricultural Innovations, Jagadeesh Sunkad, said the country was losing a significant share of the global horticultural exports by not putting in place a co-ordinated programme for pest and disease management.

Europe has banned Indian mangoes, Saudi Arabia has banned chillies . Pest problems are on the rise, he said.

### **Summer rain hits pineapple price**

The recent summer rain has brought down the prices of Vazhakulam pineapple, the extra sweet variety now cultivated across Kerala, by about one-fourth.

The price for the 'green' (unripe) has tumbled to Rs. 23 a kg from Rs. 30 last week.

Green special grade is Rs. 24 and ripe is Rs. 22 a kg.

The GI-tagged Vazhakulam pineapple is mainly exported to Mumbai and north Indian cities.

Since rain tends to spoil the fruit after maturity, farmers try to sell their stocks as quickly as possible, leading to extra supply and hence fall in the price.

On the other hand, the demand is down during the rainy season, thus dragging the prices.

### **Summer showers dampen cardamom's flavour**

Good rains in the cardamom growing regions in Kerala have resulted in a bearish sentiment in the markets pushing prices down at auctions last week.

Prices declined at a time when the arrivals started shrinking. Trade sources in Kumily claimed that planters and sellers did not have material and whatever capsules arrived at the market were from small dealers.

### **Export buying**

Upcountry buyers were active in the market covering before the South-West Monsoon sets in by early June.

Exporters were cautious as prices were ruling high. They bought an estimated 20 tonnes.



Arrivals remained at below 50 tonnes on an average at the auctions. Total arrivals last week dropped to 318 tonnes against 400 tonnes last week. The rains have, in fact, raised the hope for an early crop in end-June/early July, market sources told *Business Line*.

As prices were ruling higher in the domestic market, Guatemala, which has been waiting for the Indian parity to rise, still continued to offer at competitive levels in West Asian and Gulf markets, trade sources said.

At the KCPMC auction, 50.4 tonnes arrived against 72.3 tonnes of cardamom the previous Sunday and almost the entire quantity was sold out, PC Punnoose, General Manager, CPMC, Kumily, said.

The maximum price was Rs. 1,086 a kg and the minimum Rs. 544 a kg. Auction average fell to Rs. 841.91 from Rs. 869.46 the previous Sunday, he said.

### **Current scene**

During the current season of the crop, arrivals stood at 19,459 tonnes against 12,587 tonnes as on May 11 during the last season. Sales were 18,888 tonnes against 12,008 tonnes respectively.

The weighted average price as on May 11 stood at Rs. 635.52 against Rs. 726.32 a kg as on the same date last year.

Prices of all graded varieties ( Rs. /kg): AGEB 1,020-1,030; AGB 800-810; AGS 770-780 and AGS -1: 750-760.

Bulk was fetching from Rs. 400 to Rs. 1,200 a kg.

## **23% Coonoor tea remain unsold**

Slack demand at high prices led to 23 per cent of 11.38 lakh kg tea offered at Sale No: 19 of Coonoor Tea Trade Association auction remaining unsold.

There were no takers for teas worth Rs. 2.14 crore.

Vigneshwar Estate topped CTC market at Rs. 184 a kg. Deepika Supreme got Rs. 179, Crosshill Estate Rs. 178, Hittakkal Estate Rs. 177 and Homedale Estate Rs. 170.

In all, 69 marks got Rs. 125 and more.

Among orthodox teas, Chamraj topped at Rs. 235 a kg followed by Kairbetta Rs. 217, Havukal Rs. 212, Kodanad Rs. 208, Prammas Rs. 185, Corsley and Quinshola clonal Rs. 184 each, Highfield Estate Rs. 182 and Coonoor Tea Rs. 180.

In all, 38 marks got Rs. 125 and more.

Quotations held by brokers indicated bids ranging Rs. 54-58 a kg for plain leaf grades and Rs. 100-150 for brighter liquoring sorts.

They ranged Rs. 62-66 for plain dusts and Rs. 120-180 for brighter liquoring dusts. Export purchase was limited to plainer less-priced teas.

Some teas were bought for Pakistan in wide range Rs. 55-116 a kg.

High priced CTC leaf eased Rs. 2-5 a kg and still, there were withdrawals.

Better mediums lost Rs. 2-3 while plainers, up to Rs. 3. Secondary orthodox dusts lost Rs. 2.

There were withdrawals in high-priced CTC dusts despite easing up to Rs. 5. Better mediums and plainers lost up to Rs. 3.

## **Spot rubber toes futures, gains**

Spot rubber prices improved on Monday.

Though there was no visible change in the fundamental or technical situation of the commodity, most counters strengthened as sellers stayed away following overall gains in the futures on the National Multi Commodity Exchange (NMCE).

The trend was partially mixed.

Sheet rubber was quoted firm at Rs. 140 (138.50) a kg by traders.

The grade improved to Rs. 139.50 (139) and Rs. 136.50 (136) respectively, according to Rubber Board and dealers.

May futures increased to Rs. 139.50 (136.96), June to Rs. 143 (141.57), July to Rs. 144.80 (143.06) and August to Rs. 144.89 (142.80) a kg while the Rubber Mini May futures weakened to Rs. 136.50 (136.75) on the NMCE.

RSS 3 (spot) rebounded to Rs. 122.45 (120.79) a kg at Bangkok.

The May futures remained inactive on the Tokyo Commodity Exchange.

Spot rubber rates ( Rs. /kg): RSS-4: 140 (138.50); RSS-5: 136.50 (135); Ungraded: 133 (131); ISNR 20: 130.50 (130) and Latex 60%: 112 (112).

## **Rice seen ruling in ranges**

Rice market may witness a steady to range-bound movement in the coming days, said market experts.

On Monday, Pusa-1121 varieties dropped further on lack of buying while all the other aromatic and non-basmati varieties managed to maintain their previous quoted levels.

Pusa-1121 (steam) dropped by Rs. 200 and sold at Rs. 8,700, while Pusa-1121 (sela) quoted at Rs. 7,700 , Rs. 100 down. Pure Basmati (raw) quoted at Rs. 12,300 a quintal. Duplicate basmati (steam) sold at Rs. 7,200 a quintal.

Brokens of Pusa-1121 moved down by Rs. 50-100. Pusa-1121 (second wand) was at Rs. 7,200, Tibar at Rs. 6,100 while Dubar at Rs. 5,250 a quintal.

Sharbati (steam) sold at Rs. 4,850 while Sharbati (sela) quoted at Rs. 4,300. Permal (raw) was at Rs. 2,350, Permal (sela) at Rs. 2,320, PR-11 (sela) sold at Rs. 2,725 while PR-11 (raw) at Rs. 2,700. PR14 (steam) sold at Rs. 2,900 a quintal.

### **Outlook turns bullish for soya on weak arrivals**

#### BULLISH OUTLOOK FOR SOYA

Notwithstanding improved overseas demand, soya oil traded flat on scattered buying with soya refined on Monday was being quoted at Rs. 685-95, while soya solvent ruled at Rs. 650-55. Soyabean ruled at Rs. 4,450-4,500 a quintal amid arrival of 35,000 bags in mandis across Madhya Pradesh on Monday. Plant deliveries continued to rule higher at Rs. 4,750-4,800 ( Rs. 4,700-4,750 last week) on weak availability of soya seeds with crushers. With an expected rise in export and scarce arrival of soyabean in mandis across Madhya Pradesh, bullish trend will likely to continue in the coming days, said a trader. Our Correspondent

### **Sunalini Menon bags Specialty Coffee Association award**

Sunalini Menon of Coffeelab India Limited has won the Alfred Peet Passionate Cup Award from the Specialty Coffee Association of America (SCAA) Seattle at the Washington State Convention Centre, Seattle, US.

The citation at the ceremony was read by Donald Schoenholt, one of the Founders and past President of the SCAA, who also presented the award to Sunalini Menon.

Sunalini Menon began her journey with coffee in 1971 and has been at the heart of India's speciality coffee revolution since her early days as an assistance cupper at the Coffee Board of India.

In 1996 she set up a consulting service for the Indian coffee growers called Coffeelab Ltd.

Each year, the SCAA honours outstanding achievements in the speciality coffee industry and unique contributions to the association. Leaders have made contributions to the industry, resulting in the development and promotion of coffee excellence and sustainability.

### **Area under cottonseed halves in Andhra Pradesh**

Bhaskara Reddy of Avusanenipalle in Mahboobnagar district is a cottonseed producing farmer. Besides, he encourages others to grow the seed in the area, considered to be the best in the entire country for producing cottonseed.

But this year, he has decided to cut down the area to one acre from four acres he grew last year. "It's not just me. Everyone in the village is going to reduce area. I think I can organise 10-15 acres against 60 acres last year," he told *Business Line* over phone from his village.

### **Non-remunerative prices**

A glut of cottonseed packets in the godowns of seed companies has resulted in the cascading impact. Andhra Pradesh grows the seed on about 40,000 acres every year.

Seed companies enter into agreements with farmers to produce the seed and give them financial assistance as they give them foundation seed.

This generally happens 1-2 months ahead of the kharif season. The produce would go to the facilities of companies for processing and packing.

“They used to pay us Rs. 425 two years ago for 1,000 gm but reduced it to Rs. 360, while cost of operations has gone up significantly. We have stopped sowing in several areas as the price promised is not remunerative at all,” he said.

“They have reduced the price for us but continue to sell the seed at the same price ( Rs. 930) like last year for cotton farmers,” he said.

Bharat, President of the CPM-affiliated Seed Growers’ Association of Andhra Pradesh, said the acreage plummeted to 15,000-20,000 acres as companies shied away this year, citing huge inventories. The seed companies estimate a growth of up to 5 per cent in sales this year.

### **Huge stocks**

But it is saddled with about 4 crore leftover packets of seeds. Sitting comfortably with sufficient stocks, representatives of companies have not turned up in the seed growing villages, leaving the farmers high and dry. “They are used to grow seeds and find no immediate alternative to shift,” he said.

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## **Is speculation behind wheat price rise?**

In May 2007, the Centre banned wheat futures trading after prices surged in the open market when production turned out to be lower than expected.

Output then was 75.81 million tonnes against initial projections of about 80 million tonnes. The lower production also led to procurement by Government agencies for buffer stocks plunging to 11.12 million tonnes (mt).

Prices then rose to Rs. 1,000 a quintal in the open market, forcing the Centre to blame the increase on the futures trading and subsequently ban it.

The then National Commodities and Derivatives Exchange chief PH Ravishankar said that the rise was not surprising since the futures market had been pointing to such a trend from 2006-end.

Opposing the ban, he had said that the Government had failed to take note of an alert by the exchange.

In short, his argument was that wheat prices increased on demand-supply fundamentals and futures trading had little to do with food inflation.

Seven years later, a study by the Economic Research Service by the US Department of Agriculture upholds his argument, saying that rise in wheat prices is due to demand-supply shocks and has little relation to speculation.

The study, which took into account the wheat price spike in 2008 specifically, says that movements on the three US commodity futures exchanges in the US were fundamentally driven and associated with shocks to supplies.



## **Supply shocks**

“Supply-and-demand shocks specific to the wheat market were the dominant cause of price spikes between 1991 and 2011 in the three US wheat futures markets (hard red winter, hard red spring, and soft red winter wheat),” it said.

In the study “Deconstructing wheat price spikes: A model of supply and demand, financial speculation, and commodity price movement”, Joseph P Janzen, Colin A Carter, Aaron D Smith and Michael K Adjemian, looked into how wheat prices rose and then subsequently dropped in 2008 along with other agricultural commodities.

Focusing on the wheat price surge in February 2008, the study said that had there been no supply-demand shock, including weather developments that lowered crop yields, prices would have been 40-62 per cent lower.

On the other hand, had there been no report of demand-supply shock or projection of carryover stocks, prices could have been lower by 11 to 36 per cent.

In February 2008, wheat prices on Minneapolis Grain Exchange soared to \$24 a bushel from \$8.

The study says its findings suggest that wheat futures have performed efficiently, reflecting fundamental factors. Therefore, any curb on speculators is unlikely to prevent price spikes.

The study said long-run trends in wheat production could be anticipated. Therefore, wheat prices remain volatile because of production variability in the short-term. Weather, pests, and disease drive much of the variation in wheat yield, and their effects are difficult to anticipate, so prices adjust in response to quantity shocks. Both the US and world wheat supply vary considerably from year to year.

Production in a single country such as the US is more volatile than overall production worldwide. In the US, planted acreage is particularly variable relative to yield. Globally, acreage and yield exhibit similar levels of year-to-year variation. Variability in acreage mainly reflects opportunities for substitution in production between wheat and other crops but also the potential for new land to be brought into production.

### **Factors behind**

The study eased a structural vector autoregression econometric model to decompose observed wheat prices into a set of factors and to explain the relative contribution of each factor to observed price changes.

The factors included real economic activity affecting demand for all commodities; passive or financial speculation by commodity index traders based on a desire to hold baskets of commodities as part of a larger investment portfolio; precautionary speculation related to expected prices in future periods and the incentive to hold wheat inventories and the respective crop-year supply and demand shocks specific to the wheat market.

Unlike studies of other commodity markets using a similar approach, this report found that broad trends in global commodity mattered less to wheat price determination than do its own supply-and-demand factors. This could be due to the nature of wheat as a staple cereal grain. While global wheat production and consumption is growing, per capita demand growth is decelerating even in the developing world.

Emerging economies may not be as hungry for wheat as they are for industrial commodities, it said.

### **Onion exports jump 25% in 2013-14 on higher unit value**

Backed by a spurt in unit value realisation, India's onion exports surged in value terms by more than 25% to R2,877 crore in the 2013-14 fiscal, even as volumes registered tepid growth.

The country's total onion exports had stood at R2,294 crore in the 2012-13 fiscal.

However, in volume terms, exports fell by 25.46% to 13.58 lakh tonne during financial year 2013-14 as against 18.22 lakh tonne in the previous year.

“Exports in value terms rose in 2013-14 primarily on account of increase in unit value realisation,” said a senior official of the cooperative firm Nafed (National Agricultural Cooperative Marketing Federation of India).

According to Nafed data, the unit value realisation improved by 68% to R21,183 per tonne from R12,590 per tonne in the review period.

Onion shipments picked up since December 2013 after the government lowered the minimum export price (MEP) to \$150 a tonne from \$350 a tonne.

The government had imposed MEP on onion in September 2013, after which it was raised several times to curb exports and boost domestic supplies as retail prices had shot up as high as R100 per kg in many parts of the country.

The government had to even import onion to control price rise.

With improved domestic supplies and crash in wholesale rates, the Centre had later done away with the MEP to boost exports.

India's onion production is estimated to be higher by 13% at 189.8 lakh tonne in the 2013-14 crop year (July-June), from R168 lakh tonne a year ago.

# THE ECONOMIC TIMES

## Cheaper imports dent Himachal Pradesh's apple business

SHIMLA: Not long after quitting a lucrative job at Dell Systems to nurture his fruit orchards in Shimla, Kunaal Singh Thalta is having second thoughts. Fruit buyers are increasingly flocking to cheaper and better quality imports, often giving his farm-fresh apples a miss.

Himachal's Rs 2,500-crore apple industry, which accounts for more than 6% of the state's GDP and supports more than half of its rural population across six districts, is facing stiff challenge from better quality imports that are often competitively priced.

The consequent rise in fruit imports has not just hit the local economy, but is also forcing the newer generation to move away from this traditional occupation. And folks like Thalta, who have ventured into fruit farming, are feeling let down, as the issue finds no mention in the going elections.

"Apples are no longer delivering similar returns, which is making the business unviable as imported fruits are getting preference," Thalta, who is often chided by family members for his leap of faith, told ET. "No political party seems to care and raise the issue."

In this hilly state, incomes of local fruit growers had soared after the economic liberalisation of the 90s, but farmers gradually lost the momentum in the absence of a consistent policy and infrastructure. They now find it difficult to compete with the big companies that import apples in bulk every year.

Political parties like the Congress and the BJP are yet to announce any clear policy to bring the state's apple economy back on track.

"We will strive for crop insurance and hike custom duty on apples, if voted to power," said BJP leader Ganesh Dutt, arguing that the NDA government led by Atal Bihari Vajpayee had hiked it to 100% to restrict market access to imported apples.

While the Congress is seen as an ally of Himachal's apple growers, the party has not provided a roadmap for resolving their problem. Party spokesperson Subash Manglate said there was a need to improve the quality of Himachali apples, but failed to say how that could be achieved.

Congress also faces criticism for the UPA government's decision to halve import duty to 50%, which is widely seen as the main reason for imports multiplying in the last one decade.

According to the commerce ministry's estimates, import of apples touched an all-time high of about Rs 1,500 crore in 2013-14. "Not much has changed in the past 10 years, except for the Chinese apples that sell in every part of the country all year round, unlike the domestic produce that is available for only five months," said Rajeev Chauhan of Himalayan Apple Growers Society, a non-profit body. According to Chauhan, China has utilised the South Asia Free Trade Agreement to evade the 50% import duty to dump its apples at cheap rates in India via Sri Lanka.

Experts say the quality of Himachal's apples has deteriorated partly due to the poor quality of subsidised fertilizers that the government supplies. Adding to farmers' woes is the absence of new plants. "Most of the apple varieties grown in India are almost a century old. How can we compete with the superior imported stuff that has longer shelf life and is more appealing," said Dixit Chauhan, who quit a marketing job at Dabur IndiaBSE 1.76 % to help out in the family's apple business in Chajpur ..

Faced with policy issues and an apparent lack of political will, the state's younger generation has started importing new plants from overseas nurseries situated in Italy, France, South Africa and the US. "The government has failed to change the first generation orchards that are running on old trees and are highly susceptible to disease.

To increase returns, we have to start the second generation orchards by breeding highquality fruits as successive governments have failed modernise farmers," said Vijay Thakur, an orchardist-turned-hotelier from Manali. "There is no concrete policy even as three of the five chief ministers were apple growers themselves." Indian apple growers have a higher cost of production compared with their Chinese or Australian counterparts.

While it is about Rs 15 per kg in India, it is Rs 8 per kg in China and about Rs 10 per kg in Australia.

## Chana futures trade higher by 0.33 pc as demand picks up



NEW DELHI: Chana prices moved up by 0.33 per cent to Rs 3,064 per quintal in futures market on Monday as speculators enlarged positions, driven by pick up in demand in the spot market.

At the National Commodity and Derivatives Exchange, chana for delivery in June moved up by Rs 10, or 0.33 per cent to Rs 3,064 per quintal with an open interest of 1,43,320 lots. Similarly, the commodity for delivery in May gained Rs 8, or 0.27 per cent to Rs 2996 per quintal in 24,130 lots.

Analysts said fresh positions built-up by speculators driven by rising demand in the spot market, influenced chana prices at futures trade.

Sellers from Lands of ‘Golden Mangoes’ Wax Eloquent on Their Produce



Vilappilsala has been in the news for all the wrong reasons in recent times, and Kolar reminds you of gold. But did you know that they are also lands of golden mangoes? Step into the 5th Honey and Mango Fest at Kanakakkunnu to savour mango varieties from Vilappilsala and the Kolar Gold Fields.

The festival has a stall selling Kotturkonam mangoes cultivated in Vilappilsala, and the vendors are quick to tell you that they are no different from the ones grown elsewhere in the district.

“The dumping of waste has been a boon to mango farmers as it has added to the fertility of the soil, though it is a bane in all terms to the residents,” says Satish Kumar, a vendor at M M K Brother Mango Stall, Chalai.

These are said to be high on demand, not at all surprising to the sellers, who speak in a thousand tongues about the variety. “Kotturkonam mangoes go by different names, such as Vellayani ‘maanga’ and Vilappilsala ‘maanga’. They’re all the same though,” he says.



The mango fest turned eight days old on Monday, but customers have not shown any aversion to mangoes from Vilappilsala. Kotturkonam is fibrous, rich in proteins and bitter-free. Its peel is quite thick when compared to other mangoes and hence cannot be used in curry, according to the vendors. There's also an interesting myth related to the mango. It is believed to be the favourite among fruits of Vellayani Devi and is offered at the 'Vellayani Maholsavam' taking place for 63 days once in 12 years.

Rubbing shoulders with the Vilappilsala mangoes are the 'Kolar Gold Mangoes' from the Kolar Gold Fields town in Bangarpet Taluk of Karnataka. The region is also known for agriculture, dairy, sericulture and floriculture - the land of silk, milk and gold.

The mango farmers from Kolar have much to say about the sudden spurt in sales in the past three days which has helped sell 3.5 tonnes of mangoes out of 4.5 tonnes.

"The extension of the dates till May 14 is the solution to sell out the remaining mangoes," says Komal Reddy, one of the proprietors. Piles of mangoes in the stall on the first day of sales have vanished leaving only a few more of Alphonso and Sindhura. Mallika, Malgoa, Himampasand, Dasherri, Kalapadi and Raspuri were the other varieties in the stall.

However, the number of stalls from Kolar has been on the decline at this annual fest. There were 15 stalls at the third edition in 2011-2012, but just eight were put up in 2012-13. This year, the number has dwindled to just one. There are reasons, says Komal Reddy. "The production is good and so are sales, but a major issue that we face in Kolar is water shortage. In the past five years, bore-wells have run dry even at depths of 1,500 feet," he said.

Mango farmers in Kolar today depend on the 'water lobby' paying Rs 700 per tank of water. Komal Reddy purchases 60 tanks of water a year for irrigating his 52 acres of mango farms.