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# THE HINDU

## **Bid to popularise organic farming**

A meeting convened by P. Rajeeve, MP, and district secretary of the CPI(M) here on popularising the cultivation of organic vegetables in the urban areas decided to set up cooperatives for the purpose. A press release issued by Mr. Rajeeve said that representatives of residents' associations, people's combines and organisations like the Rotary Club participated in the meeting that decided to popularise the cultivation of organic vegetables in villas, terraces and balconies of residential flat complexes.

The programme of spreading organic vegetable cultivation in the urban area will be formally inaugurated on March 16, said the press release. The inauguration is scheduled to take place at Edappally.

The relevant training would be imparted to people and groups of volunteers would be formed to oversee vegetable cultivation in the urban areas. These volunteers would complete their training in March and they would be available to help those wishing to start cultivation of vegetables in their surrounding areas.

A 50-member committee, including some officials from the Department of Agriculture, has been formed. The committee will coordinate the availability of government aid for the urban vegetable cultivation ventures.

## **Rs. 4.33 crore released for milk producers**

The State government has released Rs. 4.33 crore towards the payment of incentive of Rs. 4 per litre to milk producers coming under the Raichur, Ballari and Koppal Milk Producers' Union Federation.

The amount, pertaining to October and November, 2014, has been remitted to the respective unions in all three districts to be distributed – 2,170 Scheduled Castes members to get Rs. 30.04 lakh, 2,589 Scheduled Tribes members to get Rs. 38.62 lakh and 24,919 general members to get Rs. 3.64 crore.

## **Arikkulam set to be coconut village**

The Agriculture Department's 'Kera Gramam' (Coconut Village) project is all set to give a boost to the ailing coconut farming sector in nearly 400 hectares of land in the district.

In the first phase, four grama panchayats within the Perambra and Elathur Assembly constituencies will be covered under the scheme with a total investment of Rs.3 crore.

Arikkulam grama panchayat will be the main beneficiary of the project, as already 350 hectares of land have been identified here for the project implementation.

Along with Arikkulam, three nearby panchayats — Keezhariyoor, Meppayoor and Naduvannur — will benefit from the scheme.

Officials from the Agriculture Department say the project implemented State-wide as part of the coconut cultivation and promotion programmes of the government will fetch its direct benefit to around 3,500 coconut farmers in the district.

Indirect beneficiaries, mainly the agricultural labourers and other allied workers in the processing sector of value added products, will come around 2,000 as per the department's survey.

### **Drip irrigation**

A main benefit of the scheme for farmers is that it will provide them ample financial assistance to have quality drip irrigation facilities in the farm and to get purchase quality fertilisers. A coconut plantation with 175 palms will get an assistance of Rs.25,000 under the scheme.

This will be in addition to the other subsidies granted for the farmers planning to invest in intercrop ventures and hybridisation process, they add.

## Global food prices dip to 5-year low in February



Global food prices fell to a nearly five-year low in February this year on increased supply of key food items and strong US dollar, according to the United Nations food agency FAO.

Food prices averaged at 179.4 points in February, down from 181.2 points in January and 208.6 points in February 2014, the Food and Agriculture Organisation's price index showed.

FAO's Food Price Index is a trade-weighted index that tracks prices of five major food commodity groups on international markets. It aggregates price sub-indices of cereals, meat, dairy products, vegetable oils and sugar.

"Food Price Index declined to a 55-month low in February, dropping 1.0 per cent from January and 14 per cent below its level a year earlier," FAO said in a statement.

Food Price index at its lowest level since July 2010 reflects robust supply conditions as well as ongoing weakness in many currencies versus the US dollar, said Michael Griffin, FAO's dairy and livestock market expert.

"The first thing to flag is the favourable outlook for production of a number of crops in 2015," he said. "Stocks are also very strong" for most cereals, he added.

According to FAO, international sugar prices fell by 4.9 per cent, cereal prices were down by 3.2 per cent and meat prices declined by 1.4 per cent in February from the January levels.

However, international prices of dairy products and vegetable oil increased by 4.6 per cent and 0.4 per cent in February from the January levels.

### **Water release today**

In a statement, Chief Minister O. Panneerselvam said the release would benefit 24,504 acres in the Gobichettypalayam and Bhavani taluks of the Erode district.

### **Adequate compensation for banana crop sought**

S. R. Parthiban, Desiya Murpokku Dravida Kazhagam (DMDK) MLA urged the Salem district administration to sanction adequate compensation to the banana crop that was ravaged by gusty winds on Friday.

Banana crop raised by farmers in a large area at Puthu Velangulam, Vella Karattur, Thaakaadu, Kannamoochi and the surrounding villages of Kolathur panchayat union limits suffered heavy damages in the gale, which uprooted the trees, Mr. Parthiban said in a petition presented to the District Collector K. Maharabushanam here on Monday.

The loss has been heavy as the entire crop was in a harvesting stage. The farmers had procured loans with much difficulty for raising the crop and more than 80 per cent of the banana trees have been damaged.

Mr. Parthiban urged the Collector to direct the Horticulture Department officials to initiate steps to make a 'real' assessment of the damage caused to the banana orchards in Kolathur region.

The government should come forward to sanction a compensation of Rs. 110 per tree damaged, the MLA demanded.

## e-PoS to keep tab on PDS: Minister



Minister for Civil Supplies Paritala Sunitha on Monday said in tune with government's seriousness to ensure that essential commodities were not diverted and misused, e-weighing and e-PoS (electronic Point of Sale) systems were being introduced in fair price shops.

Thus far, 6,000 FP shops were covered under this programme to usher in transparency and accountability in the public distribution system, she informed the House. Replying to a question by member Gunnugguntla Suryanarayana, she said there were no shortages in the weight of commodities supplied from multi-level stock (MLS) points to the shops.

She agreed that instances of commodities being illegally diverted were brought to the notice of government and said that now, commodities were being transported to the doorstep of the FP shops under the supervision of a Route Officer and officials were regularly conducting inspections of MLS points and FP shops/kerosene dealers.

Ms. Sunitha said the government was determined to see that fair price shop dealers violating the rules were brought to book. Of a total of 1.38 crore white cards (Below Poverty Line cards) that were issued, atleast 8 lakh were found to be bogus and weeded out, she added.

Replying to another question, Agriculture Minister P. Pulla Reddy told the House that the government was taking steps to ensure that every applicant registering for the drip and sprinkler irrigation programme got sanction.

Anantapur district would be taken up for saturation coverage and promoted as a model district, he said, in reply to a question asked by Y. Visveswara Reddy (Uravakonda) of YSRC. The MLA said even in drought-affected districts such as Anantapur, it was extremely helpful to farmers.

Earlier, Speaker Kodela Sivaprasada Rao had to adjourn the House for ten minutes, when YSRC members wanted their motion to discuss farmers' suicides be taken up. When their demand was rejected, they raised slogans and tried to disrupt the proceedings.

### **Milk production drops**



With rise in mercury level, milk production in the central region has come down in the past couple of weeks. Primary milk producers' societies across Tiruchi, Perambalur, Ariyalur and Karur districts have been registering a serious fall in procurement. Primary societies have taken up proposals for construction of bulk milk coolers to tap the availability of milk.

According to official sources of Tiruchi District Cooperative Milk Producers' Union (Aavin), the daily procurement stood at 3.60 lakh till February but has come down to 3.42 lakh litres. "The daily sales in these districts stand at about 1.20 lakh litres," the source says.

Although milk production has come down due to the impact of summer, there was no need for panic.

“There has been a rise in the population of livestock thanks to various on-going schemes and special credit through banks particularly for setting up dairy farms through joint liability groups.

G.S. Dhanapathy, Pudukottai District Chairman of the Farmers’ Forum of India, said that non-availability of fodder was adding to the woes of the livestock owners. “There has been a scramble for hay in the last couple of weeks,” he adds.

A cross section of office-bearers of the Primary Cooperative Milk Producers’ Society at Valanadu on the border of Tiruchi and Pudukottai districts said the daily milk procurement has come down from 4,200 litres last month to 4,000 litres.

Liakhath Ali, Extension Officer, said milk production has come down from 32,000 litres to 30,000 litres in the last couple of weeks in Manapparai and Vaiyampatti societies.

In the Marungapuri union, the fall was from 25,000 litres to 23,000 litres. An official source said that it has been planned to strengthen infrastructure at select rural centres to encourage the milk producers. It has been planned to set up five coolers with a capacity of 5,000 litres in Ariyalur district.

R. Pazhanisamy, Director of the Primary Milk Producers Society in Valanadu, said a similar cooler would be constructed at Valanadu. K. Pazhaniappan, secretary, said that it would come as a boon to the milk producers of Thelur, Kodumpatti, Oonaiyur, Vembanur and Oothukuli villages in and around Valanadu.

### **Floriculture set to spring into life**



Water scarcity and labour shortage have affected floriculture in Vellore district. To expand the area under flower cultivation, the Horticulture Department is taking steps to promote floriculture among farmers

Presently, 1,320 hectares of land are under floriculture in the district. This is nearly 1,000 hectares lesser than what it was seven years ago, officials said.

“Vellore suffers from acute shortage of water and labour. Flowers need to be plucked, before 9 a.m., and packed to markets on time, or the entire produce is a waste. Many of the farmers depend on family members for this job. The flowers are sent to markets in Vellore and Koyambedu, Chennai,” an official said. Flower cultivation has been taken up in many pockets of Vellore. This includes Usoor, Pulimedu, Anaicut, Odugathur, Madhanur, Pakkampalayam, Gururajapalayam, K.V.Kuppam, Latheri and Tirupattur. At least 5,000 farmers are presently cultivating flowers.

### **Schemes**

On its part, the Horticulture Department has been promoting floriculture through a number of schemes, particularly for planting materials and drip irrigation.

“Now, we are mostly promoting cultivation of jasmine, tuberose (sampangi), crossandra and marigold,” A. Arputham, deputy director of Horticulture, Vellore said.

Under the National Horticulture Mission (NHM), farmers are given planting materials with a subsidy of Rs. 12,000 per hectare for flower fields.

“There is also a subsidy of Rs. 45,000 per hectare for drip irrigation,” he added. Drip irrigation has come in handy for farmers in areas which face water shortage.

“At least 75 per cent of floriculture area is under drip irrigation now. Earlier, we had to urge farmers to take up drip irrigation but now, farmers are coming forward to adopt the system,” he added.

Presently, crossandra has been cultivated on 40 hectares — mullai - 490 hectares; kundumalli - 535 hectares; jaathi malli - 100 hectares; rose- 50 hectares; tuberose - 40 hectares; chrysanthemum - 15 hectares and marigold - 10 hectares.



Officials said, to expand floriculture under NHM, jasmine is being raised at the two State Horticulture Farms in Vellore near Ranipet and Tirupattur.

“We are promoting tuberose cultivation by providing inputs to farmers. It has resulted in increase in area of cultivation from 9 hectares to 45 hectares,” another officer said.

Tuberose is used in garlands, and its demand in the market peaks during marriage season and festivals.

Block-level staff of the department are also working to promote floriculture among farmers, officials added.



### Farmers seek relief for damaged crops

TRICHY: Farmers of hilly regions of Pachamalai and Thuraiyur are seeking adequate compensation from the state government for the loss they have incurred due to the damage to their crops by the recent unexpected rainfall.

Gushing winds and rainfall have damaged the crops of Malayalee tribal people in the regions. The hilly villages are known for cultivating crops such as capsicum, radish and carrots. With most crops in various stages of harvest, the farmers are now seeking adequate compensation for the loss. Since the region extends along the Eastern Ghats, several farmers cultivate hilly crops such as tapioca, capsicum, tomatoes and radish.

A Thangaraj of Ottampattii Pudhur, one of the farmers in the regions, said plastic sheets were wrapped around the crops to save them as they were in the stage of harvest. Tomato cultivated in five hectares has been completely damaged due to the rain.

He added that the reaping of crops will help farmers pay back their several debts taken during cultivation. However, the downpour had dashed their hopes, he added.

Cultivation is done by traditional methods in the region using bullocks to plough the land. People of the Malayalee tribe sell their produce in Trichy and Salem markets.

Nineteen villages in the hilly regions has a population of 4,630 male and 4,290 female, whose livelihood depend on the cultivation of hilly crops.

N Jebaraj, another farmer from the region, said nobody expected the sudden shower during this time of the season when the crops were ripe for harvest.

An officials from the horticultural department said that they never expected the sudden rainfall in the hilly regions. The farmers were witnessing their last leg of harvest before the summer season, he added. But only a few would be able to yield from the cultivation, he said. Except for tapioca, all the other crops were damaged in the rain.

### [Milk supply to Aavin increases manifold](#)

MADURAI: After state government increased procurement price of milk last November, the supply of milk to Madurai Aavin has increased by 80,000 litres. Aavin Madurai that covers Madurai and Theni districts now receives 2.40 lakh litres of milk a day from 35,000 dairy farmers who are formed into 878 societies according to officials. Dairy farmers are finding it profitable to supply milk to Aavin than private players.

Before November, the state milk federation used to provide Rs 22 to 23 per litre as procurement price which saw a steep increase of up to Rs 28 and 30 at present. For good quality milk that consists 8.4 % solid not fat (SNF) and 4.2 % fat content, Aavin provides as much as Rs 30, officials said.

"We should say that earlier procurement rate was very less and farmers were finding it difficult to get handsome returns from milk. But present procurement rate is profitable for them and they are getting good returns once in 10 days," a senior official from Aavin said. The volume of milk the federation sells in its region is 1.62 lakh litres per day. The rest of the milk is processed into milk powder and butter. "There is a lean season and peak season in milk business. We are running at peak season in these six months and production will naturally fall after April when we will convert milk powder into milk to cater to the demand," he added.

A Muthupandi, district secretary of Tamil Nadu Dairy Farmers Association said that dairy farmers from Usilampatti and Andipatti have turned towards Aavin after procurement rates were hiked. "Earlier, they found private players profitable but post hike, private players are unable to compete with the government and they stopped being aggressive to procure milk from farmers," he said.

But this sudden bunch of new customers has started affecting the old ones. "We feel that quality testing in Aavin is not adequate because we get reduced prices on grounds that our quality is less but it is otherwise. We suspect there is some nexus between Aavin officials and private players who now supply milk to Aavin under fake identity as dairy farmers' societies and they get better price," he charged.

He also said that the bonus amount of Re 1 per litre is pending to farmers for some months. Denying such nexus, Aavin officials said that the bonus money will be disbursed among dairy farmers in a period of 10 days.

## THE HINDU **BusinessLine**

### **How warehousing can spur economy**

Traditionally, warehouses have been looked upon as an asset heavy model which gave importance to creation of space alone without any emphasis on efficient handling, scientific processes and its management.

Of late, we are seeing importance being given to systems and processes which are making agri-logistics independent of infrastructure and agnostic to geographic location.

### **Opportunities**

Agriculture sector in India, accounts for about 16 per cent of the GDP in spite of employing more than 50 per cent of the country's workforce. Despite agriculture losing its share in GDP, it is still the largest economic sector.

Agriculture has begun to regain its sheen, with the government and private entities taking interest in empowering the sector. However, the agriculture

supply chain in India suffers from inefficiencies leading to heavy losses of commodities due to lack of proper storage and transportation facilities. It is estimated that about 20 per cent of the foodgrains (including grains, fruits and vegetables, spices, etc) are lost annually because of poor storage facilities. There is a huge gap in the quantity of agricultural produce and the available scientific management.

The huge gap between the demand and supply of logistics services, which have been left unattended due to the unorganised nature of the market, has opened up many opportunities for players.

Total warehousing space requirement in India is expected to grow at a compounded annual growth rate of nine per cent from 919 million sq ft in 2014 to 1,439 million sq ft by 2019, according to Knight and Frank Report. Manufacturing will continue to remain one of the biggest demand drivers of the warehousing sector with an annual requirement of 61 million sq ft of incremental space between 2014 and 2019.

### **Scientific processes**

The losses in commodities are mainly attributed to infrastructure. However, lack of knowledge of managing and maintaining premises with inefficient scientific processes are the key reasons for the losses. The emphasis is falsely placed on creation of infrastructure rather than adopting innovative methods of scientific storage for managing warehouses.

However, increasing competition and introduction of global best practices by certain companies are forcing Indian businesses to rethink on the importance of warehousing processes and the resultant benefits of managing an efficient supply chain.

Supply chain management is all about flow, be it of goods from the producer to the consumer or from the consumer to the producer.

Warehouses play a critical role in this process and were conventionally set up as inventory buffer points along with the supply chain so that any irregularities within this chain could be ironed out.

However, the need to reduce the service response time and contain inventory cost has necessitated the progression of warehouses from storage points to distribution centres. Additionally, the advent of technology has made it

possible to operate warehouses more efficiently and achieve greater integration with the rest of the supply chain modules.

Regulatory barriers have constrained the investments in development of storage and processing facilities; hampered the development of successful institutions; and led to deterioration of the condition of agricultural producers to be globally competitive.

### **Evolving technology**

Information Technology (IT) and its use in organisations and across the supply chain has become a determinant of competitive advantage for many corporations.

Warehouses have been going through various challenges such as – supply chains are becoming more integrated and shorter, globalised operation, customers are more demanding and rapidly changing technology. In a market dominated by unorganised players, the use of technology has been neglected by the logistics and warehousing industry.

Most logistics and warehousing companies use outdated technology and systems which are incapable of meeting current and projected requirements. Technology is set to be the key enabler of growth for this sector. India has just awakened to the tremendous potential of technology-driven innovation in this burgeoning sector.

### **Agriculture offers rich harvests for small businesses**



Raman Singh Saluja, founder of Gramco, with farmers

If innovation changes life as we know it, small business owners who choose to make a difference are likely behind it. While the value of entrepreneurship to every economy is by now well debated and well known, it takes an individual or a few thinking outside what trends to build for the future.

Historically, in India, agriculture has been the enterprise of the majority. In a country that has seen farmer suicides and the like, it is imperative that some entrepreneurs focus on the agriculture sector while impact funds seek them out as a priority.

An example sets itself up in the case of Gramco Infratech, a rural solutions company. In 2013, Samridhi Fund invested Rs. 15 crore in Gramco, a Series A round of equity for the start-up.

While the all round development of a country depends on the opportunity in rural markets, not everyone takes on such a challenge. Raman Singh Saluja, Founder and Managing Director, Gramco Infratech, says, “Organised infrastructure is limited in rural areas. Incomes here are low and, therefore, spending is less. It is going to take a lot of investment and attention to make India’s rural markets viable.”

### **Comprehensive approach**

Gramco’s customers are largely farmers. The Madhya Pradesh-based start-up has taken a comprehensive, end-to-end approach with its offerings. Saluja is clear he wants to offer globally competitive services to target consumers. Gramco deals in soil management, warehousing, collateral finance, seed multiplication programmes, contract farming, cleaning and grading services, and, also buys produce from farmers. The company then sells to agriculture produce markets; however, considering commodity price fluctuations, the farmer is always free to choose to whom he sells.

Saluja set up Gramco nearly six years ago. In spite of poor income status of many farmers and challenges with ensuring the farmer is not exploited by APMCs or PPP players, Saluja’s interest in the space has ensured that his own company makes profits but also offers “fair opportunities” to farmers. Overall productivity enhancement and better commodity storage facilities lead to the sector getting healthier over time.

## **Larger impact**

To make a widespread difference, it takes more than one entrepreneur and more than one stakeholder in the agriculture sector.

Samridhi Fund is offered by the UK's Department for International Development in partnership with India's SIDBI. The fund caters to companies, selected from Bihar, Jharkhand, Chhattisgarh, Uttar Pradesh and Rajasthan, and making a 'developmental' difference; businesses have to be economically viable too.

Food security is vital for India. Investing in technological innovations can enhance food production and help grow exports from India. Gramco is setting its sights on growth at various levels. "We're looking at increasing capacity to 60,000 tonnes and storage capacity to at least 12 locations by June," shares Saluja, although the company is present only in Madhya Pradesh right now.

## **Cardamom gains flavour as arrivals decline**

Prices of small cardamom which have been on a downward spiral for over a fortnight have begun showing signs of improvement from late last week at auctions.

Arrivals continued to decline and last week, they were around 370 tonnes against 505 tonnes in the same week a year ago, trade sources claimed.

"There are signs of recovery in the market as the north Indian markets have become active after Holi holidays," Ranganathan, a dealer in Bodinayakannur, told *BusinessLine*.

It is evident from today's auction conducted in Bodi by the Cardamom Planters' Association (CPA) where the auction average price was at around Rs. 805 a kg against Rs. 785 last Monday, he said. Arrivals stood at around 24 tonnes and the entire quantity was sold out, he said.

A bearish sentiment has emerged in the markets following rains for about 3-4 days in Kerala's Idukki district. "The sentiment has changed as there is a belief that because of rains the next crop could be early and better than the current one", said PC Punnoose, General Manager, CPMC. He said liquidity

crunch is felt in the market as those dealers who have bought at higher prices earlier have started defaulting/delaying payments.

The individual auction average vacillated between Rs. 770 and Rs. 810 against Rs. 800 and Rs. 880 the previous week.

Decline in the quality of the capsules is also attributed to the drop in prices, some in the trade said. The harvesting has reached its fag end with only around 10 per cent left for picking, trade sources in Kumily, Kerala said. Exporters were very slow and are reported to have bought around 20 tonnes of cardamom last week.

Total arrivals during the season up to March 7 stood at 14,775 tonnes against 16,139 tonnes during the same period a year ago. Sales were 14,424 tonnes against 15,634 tonnes. The individual auction average was at around Rs. 800/kg against Rs. 680 in the year-ago period.

Prices of graded varieties ( Rs. /kg): 8mm bold green 1,050-1,100; 7-8mm 925-950; 6-7mm 800-825; below 6 mm: 750.

### **India manages to defend raw sugar export subsidies at WTO, for now**

Food Ministry expected to start disbursing Rs. 200 crore subsidies this month



Trade tangle The Food Ministry was recently sanctioned the first tranche of subsidy payment to sugar exporters

India has managed to ward off criticism at the World Trade Organisation (WTO) for its raw sugar export subsidies by once again claiming that it has



not made any payments under the programme. However, the country's defence is unlikely to work for long as subsidy payments are slated to kick-off soon.

The Food and Public Distribution Ministry was recently sanctioned the first tranche of subsidy payment due to exporters for last year, a Food Ministry official told *BusinessLine* .

“While no export subsidy payments have yet been made for the period between February (when the incentive scheme had been announced) and September 2014, the Ministry has now been sanctioned Rs. 200 crore (around \$32 million) to be paid out to raw sugar exporters for the period,” the official said.

The subsidy payments, claimed by 80 sugar mills from Maharashtra, Karnataka, Tamil Nadu and Gujarat, is likely to be paid out from March 15, according to industry officials.

Several WTO members, including the European Union, Australia and Colombia, were critical of India for announcing export subsidies for raw sugar in February last year, accusing India of going against the understanding reached at the WTO's Bali Ministerial meeting in December 2013, which said all export subsidies would be reduced and gradually eliminated.

Since India is a major producer of sugar and also exports from time-to-time, these countries claim that such export subsidies distort the world market.

In the WTO committee of agriculture meeting last week, many countries questioned India about the recent announcement of increasing raw sugar export subsidy to Rs. 4,000/tonne in 2015 from Rs. 2,277-3,371/tonne between February and September 2014.

India's representative reiterated the argument made in the last meeting that it was not answerable on the subsidies, as no payments had been made yet. On the EU's question about its intention to give payments in the future, the Indian representative said it was only providing facts.

India had earlier defended its raw sugar export subsidy programme on the grounds of encouraging sugar producers to diversify from refined to raw sugar.

“This is a valid justification for our subsidy programme and we will reiterate it if our small subsidy payments are questioned,” a Commerce Ministry official told *BusinessLine* .

### **Cane arrears**

Last year, the Centre had announced a subsidy for exports of raw sugar up to 4 million tonnes to help the cash-starved industry clear cane arrears to farmers that have crossed Rs. 14,500 crore.

The Indian Sugar Mills Association estimates production at 26 million tonnes in the current marketing year, against last year’s 24.3 million tonnes. Domestic demand is pegged at 24.8 million tonnes for this year.

### **Tea prices hit new high at Coonoor auctions**

New price records were set at Sale No: 10 of Coonoor Tea Trade Association (CTTA) auction.

“Two leaf grades, one belonging to Homedale Estate, auctioned by Global Tea Brokers, and the other belonging to Darmona Tea Industry, auctioned by J Thomas and Company, have fetched the highest prices among all CTC teas from all bought-leaf factories in all the auctions held so far in 2015,” CTTA Chairman Ramesh Bhojarajan told *BusinessLine*.

Broken Pekoe grade of Homedale Estate, auctioned by Global Tea Brokers, topped all CTTA auctions in 2015 when Vora Sons bought it for Rs. 253/kg. Broken Orange Pekoe Small grade of Darmona Tea Industry became second topper when Santhosh Tea Company bought it for Rs. 252. Red Dust grade of Homedale Estate, ( Rs. 200), auctioned by Global Tea Brokers, was the only other grade to enter the high-price bracket of above Rs. 200/kg.

Among orthodox teas from corporate sector, Chamraj topped at Rs. 242 followed by Karibetta and Kodanad at Rs. 235 each, Havukal Rs. 210. In all, 46 marks got Rs. 125 and more.

Quotations held by brokers indicated bids ranging Rs. 52-55 a kg for plain leaf grades and Rs. 100-165 for brighter liquoring sorts. They ranged Rs. 63-67 for plain dusts and Rs. 110-175 for brighter liquoring dusts.

### **‘We are all for a healthy rubber plantation sector’**

Rubber growers and the tyre industry have been on a collision course over the slump in prices and on the move to impose import duties. Volatility in rubber prices, of late, has put the sector in a spot, making it unviable for growers. However, the Automotive Tyre Manufacturers Association (ATMA) is of the view that the sector has immense potential for growth and rubber deserves to be placed in the priority sector, with the Centre's 'Make in India' initiative.

Raghupati Singhania, Chairman, ATMA, says that India's rich rubber value chain comprising one million planters and well spread-out and established tyre and rubber industries can contribute significantly to the economy if an enabling policy framework is in place for rubber consuming and producing interests. He was responding to a questionnaire sent by *BusinessLine* .

Edited excerpts:

### **The tyre industry is blamed for suppressing natural rubber prices through large scale imports?**

It is not true. Notwithstanding the alleged high volume of imports, the fact that the domestic prices have continued to rule much higher than international prices throughout the year indicates that imports are imperative to bridge the widening gap between domestic rubber availability and its growing consumption.

During the current fiscal, domestic consumption is poised to overtake the figure of one million tonnes, while production is likely to be less than seven lakh tonnes. So, there is a huge gap which can be bridged only through imports.

The quality of domestic rubber is another issue that the tyre industry has to contend with. The auto industry and motorists have come to expect a lot from tyres.

The tyre industry has also taken a great leap forward in terms of manufacturing technologically superior tyres, especially new generation truck and bus radials which require high quality of rubber as a critical raw material. The quality of rubber, therefore, is paramount.

### **But planters have put the blame squarely on the industry?**

There is a perception that the tyre sector is against the interests of the plantation sector. That's entirely untrue and highly unfortunate.

The tyre industry is all for a vibrant and healthy plantation sector. From time to time, the industry has proved its commitment to a healthy domestic plantation sector and has participated enthusiastically in the rubber quality improvement programme of the Rubber Board.

In an unprecedented move, unheard of anywhere in the world, tyre companies in India came forward to help planters by domestically sourcing rubber at prices much higher than that of rubber available internationally at the behest of the Kerala Chief Minister.

The Chief Minister has gone on record appreciating this gesture of the tyre industry.

I believe the misconception that the tyre industry is against planters' interest should now be laid to rest once and for all. Both are, and will continue to be, inter-dependent.

**But there are reports that tyre companies are now staying away from domestic procurement of rubber?**

Yes, of late, there has been a drop in daily buying of sheet rubber and that is due to a slowdown in demand for tyres. The recovery in truck and bus tyre segment which accounts for majority of sheet rubber usage is not along expected lines.

Also, cheaply imported tyres have been meeting a significant part of tyre demand leading to less pick up of sheet rubber by the domestic tyre industry.

Ever since the domestic rubber sourcing has become operational, the industry has bought over 35,000 tonnes of sheet rubber (RSS-4) which compares favourably with the figures for the corresponding period in the previous year.

Linked to this is the concern expressed by the Chief Minister and media reports that the intended benefit of domestic buying is not being passed on to the growers. Growers have been getting much less than what the industry has been paying.

We will urge the Kerala government to plug the loopholes in the system so that intended benefit could be passed on to the growers.

**But bringing down duties would have opened floodgates of rubber imports which planters are contesting?**

Inverted duty could also have been corrected by increasing import duties on tyres and bringing it at a par with natural rubber.

Currently, amongst major rubber and tyre producing countries, India levies one of the highest duties on import of rubber and one of the lowest on tyres and other finished rubber products.

Import duty on rubber is 20 per cent while tyres can be imported at a rate of 5 per cent or even at nil rate of duty under various trade agreements.

If the rationale is to have value addition taking place within the country, the duty on import of finished products should be as much, if not more, than that on raw materials.

India's trade agreements, however, encourage import of finished rubber goods and that has led to a barrage of imports of cheap tyres.

**What has been the volume of tyre imports to India?**

Notwithstanding the domestic tyre manufacturing capacities and proven capabilities, a significant demand is being met by imports.

For instance, new capacities in truck and bus radials have been created by Indian tyre manufacturers at an outlay of over Rs. 15,000 crore in the last couple of years.

However, the industry is beset with lower capacity utilisation and low capital productivity in view of surging imports of undervalued and dumped tyres. The tyre industry being highly capital and labour-intensive, imports are not only threatening to make new investments in capacities idle but also cause loss of employment.

In case of the truck and bus radial segment, imported tyres have come to account for over 30 per cent of the total domestic market.

This is causing huge injury to domestic tyre manufacturers who have put up significant capacity in modern radial truck and bus tyre plants and are facing the brunt of the continuing slowdown in demand from the domestic commercial vehicle segment for the last 2-3 years.

### **What then is the way forward for the rubber sector?**

There is an attempt to deflect the debate on real issues as far as the rubber sector is concerned.

The rubber sector should not be brought down to the level of pitting producing interests against consuming interests. The potential of the entire value chain needs to be objectively assessed and optimised.

Plantation sector has its own issues, so does the manufacturing sector. The tyre industry needs rubber – qualitatively much better rubber and at internationally competitive prices – since it has to compete with other countries where quality rubber is available at lower prices. Similarly, no one can oppose competitive returns for the planters but that should not be at the cost of weakening the manufacturing industry as there is a suggestion to increase import duty on rubber or restricting rubber imports on one pretext or another.

The government should come forward to device ways and means of strengthening the plantations sector through support for new methods, practices and processes and quality improvement exercise, etc so that the plantation sector is better equipped to face the downturn.

# **Business Standard**

Meeting of Union Agriculture Minister with the Agriculture and Rural Development Minister of Poland in New Delhi Today

Union Agriculture Minister Sh.Radha [Mohan Singh](#) said that India-Poland relation are deep rooted and have traditionally been close, friendly and characterized by goodwill and cooperation.

He said that [India](#) has become one of the most preferred investment destinations. He informed that India has achieved tremendous progress in Agriculture and Allied Sectors after Independence and has become a net exporter of agriculture commodities. Agriculture in India contributes substantially to GDP and about 2/3rd of the population still depends on agriculture for sustenance.

He said that a proposal for cooperation in the field of Agriculture & Allied Sector is under considerations which will be beneficial for both the countries. Sh. Singh made a mention of recent meeting between Dy. Prime Minister, Poland and MOS, Agriculture on the occasion of Vibrant Gujarat where India was apprised of agriculture and export policy of Poland.

On this occasion Sh. Singh said the visit of the Agriculture and Rural Development Minister of Poland H.E. Marek Sawicki, has provided an opportunity for further enhancing the bilateral relationship between the two countries.