17.11.2016

THE ECONOMIC TIMES

High coffee prices fail to add aroma to Chicory demand

Certain regions like the Middle East prefer chicory blended coffee while Europe favours pure coffee.

High coffee prices have not led to increased consumption of chicory, a cheaper additive sans caffeine that is blended with coffee for better aroma and to keep the beverage prices competitive.

The blending ratio is usually changed by the local brewers by raising the percentage of chicory used in coffee when the latter becomes dear. "But unlike earlier instances, it may not happen this time as the buying power is low and the demand for coffee remains flat," said PNR Pagalakumar, CEO of Pioneer Chicory based in Gujarat.

Price of robusta beans, used more in instant coffee, has jumped nearly 30 per cent from a year ago to Rs 153 per kg. Chicory production, meanwhile, has shown a rise thanks to better crop in Uttar Pradesh though the output in other major growing areas of Gujarat is just average. Consequently, the chicory prices which had tou ched Rs 30 per kg have now slumped by 2530 per cent.

The ratio of chicory used in coffee is in the range of 30-40 per cent. It is more or less maintained at that level even now. "It could be an indication of lower demand for coffee and chi cory. Otherwise, the consump tion should have gone up," sa id Jayant Kotadia, managing director of J K Malt Products.

Multinational companies like NestleBSE 0.10 % use specific chico ry-coffee ratio which are not influenced by price fluctua tions.

With the domestic chicory consumption sluggish, manu facturers are looking at ex ports. "Till now, the annual in crease in chicory consump tion has been in the range of 10 15 per cent. But with surplus produc tion annual growth may be marginal. Export has better potential," said Nitin Kesh wala, managing director of PMK Chicory . India exports over 15,000 tonnes of chicory annually.

Certain regions like the Middle East prefer chicory blended coffee while Europe favours pure coffee. "Since we use imported coffee beans which have become costly for our exports, we are getting bet ter prices from Middle East.

Fowl is fair for poultry firms on better economy, lower feed cost

Experts opine that a reasonable monsoon this year has resulted in improved rural incomes, which should result in increased demand and consumption of poultry products.

HYDERABAD: The Indian poultry sector hopes profit margins will improve considerably this winter season, ending a four-year weak streak as good rains have increased activity in the rural economy and reduced feed costs.

Anticipating a decent increase in demand, poultry breeders are preparing to boost production by 10-15 per cent, after pruning production and importing feed ingredients for three years owing to recurrent droughts.

According to representatives of poultry bodies and large companies, demand should increase as the festival season, which typically witnesses a fall in meat consumption, has also ended. "We expect to improve our margins to the extent of 15-20 per cent, which had earlier fallen below 10 per cent on account of lower realisations and high cost of production for the past few years due to consecutive draughts," said V Harshavardhan Reddy, vice-president of the Telangana Poultry Breeders Association.

Reddy, who is also a director at Hyderabad-based Mayuri Broiler Breeding Farms, said poultry producers expect production to grow 10-15 per cent during the November-February period. Telangana, along with Andhra Pradesh, is the largest producer of poultry products in the country , accounting for nearly a third of India's poultry production.

Experts opine that a reasonable monsoon this year has resulted in improved rural incomes, which should result in increased demand and consumption of poultry products.

"The poultry industry is expected to report strong profitability in the current fiscal (year), post sizeable headwinds of last three-four years, on the back of a combination of factors, inclu ding improved demand dynamics from the rural segment... supply control measures adopted by the industry to counter seasonality of demand, recent moderation in feed prices and no major instances of bird flu," said Ravi Kabra, assistant vice president at ratings firm ICRA.

Prices of feed ingredients, especially maize and soya, that account for 70 per cent of the production cost, had shot up significantly over the past three years due to subsequent draughts. These have now started to cool off with the increased harvest reaching markets after a good spell of monsoon. "We are seeing a fall in prices from November where maize, which till October was selling at Rs 18 a kg, has dropped to Rs 15," Kabra said. Soya has become cheaper at Rs 24 a kg, compared with Rs 32 earlier.

With the drop in feed prices, poultry farmers are hoping to see higher margins this season. While broiler prices had shot up to Rs 90 a kg till September this year with production cost being around Rs 70, prices last year were hovering at Rs 70 level with cost at around Rs 65.

Egg has become cheaper at Rs 4.50 from Rs 5 last year. "The improvement in margins is likely to bring the farmers, who had left the trade or shut down their farms few years back seeing higher costs and unfavourable margins, back into the fold," said Reddy of the breeders' body.

At present, the Indian poultry market is estimated at around Rs 67,000 crore with broilers accounting for Rs 42,500 crore and the table egg market at Rs 25,500 crore, said a recent ICRA report.

Government announces measures to ease cash crunch for farmers

Millions of Indian farmers, however, have no bank accounts and depend on local moneylenders to fund sowing.

NEW DELHI: With cash crunch following demonetisation impacting agri sector, the government today eased guidelines for farmers by allowing them to withdraw up to Rs 50,000 cash per week from bank.

Besides, it has also extended the deadline for payment of crop insurance premium by 15 days and permitted APMC-registered traders to withdraw up to Rs 50,000 per week.

This steps will ensure that sowing takes place adequately in the Rabi season and enough cash is available to the farmers to buy fertiliser, seeds and other inputs, Economic Affairs Secretary Shaktikanta Das told reporters here.

"The government has decided to permit the farmers to draw up to Rs 25,000 per week against the crop loan sanctioned and credited to their accounts, subject to the limits...and this will also apply to Kisan Credit Cards," he said.

These accounts have to be in the name of the concerned farmers, the accounts will have to be KYC compliant, Das said.

Besides, if the farmers receive payments either by way of cheques or RTGS into the bank accounts, they can withdraw up to Rs 25,000 per week, Das said.

Similarly, the registered traders with the Agricultural Produce Marketing Committee (APMC) markets also will be permitted to draw Rs 50,000 per week to meet various cash requirements like payment of wages to workers and other sundry expenses.

"So, this will facilitate smooth procurement process and help farmers to sell their produce without any difficulty," Das said.

The government has also allowed its Group C employees, including from PSUs, defence and railways, to get salaries up to Rs 10,000 in cash in advance which will be adjusted against their November salary. "It is expected that this will relief pressure on banks," Das said.

Following the demonetisation of 500 and 1,000 rupee notes on November 8 by Prime Minister Narendra Modi, the government allowed withdrawal of up to Rs 24,000 per week per person through cheque and Rs 2,500 from ATMs.