**02-01-2017**

THE HINDU

## Mango trees spared in road widening

Thanks to conscientious officers like District Forest Officer Sivala Rambabu, extinction of a local variety of mango has been averted. His reluctance in giving permission to uproot trees for widening of the Gudihatnoor-Utnoor Road has saved at least 100 mango and neem trees which line the important road passing through tribal areas.

There are nearly 100 trees which are a major source of the king of fruits in the region. Villagers from at least 20 habitations on either side of the road use the locally-grown mangoes for pickles.

**Indigenous variety**

"We are happy the R&B has decided not to fell the mango and neem trees," observed Boorla Ramakanth, a resident of Tosham village. "As these 30-year-old trees are the only ones belonging to indigenous variety in the area, their decimation would have resulted in the variety being lost forever," he pointed out.

The R&B had initially planned to uproot about 150 trees along the 30-km stretch of the road between Mankapur and Utnoor and accordingly applied for permission from the District Forest Protection Committee. As uprooting of trees was against the spirit of environment protection and more importantly the spirit of Telanganaku Haritha Haram, a prestigious tree plantation programme of the State Government, Mr. Rambabu declined permission.

Though a few trees were uprooted when work on the road began, the move of the Forest officer forced the engineering officials see reason. They decided not to remove the old trees completely but carry on works by pruning those branches which were hindering smooth working of road laying with machinery.

**Eco-friendly**

"Yes, we have settled for this environment-friendly move," conceded R&B Adilabad Superintending Engineer Md. Nazeer. "As most of the trees are over 1 metre away from the edge of the black top road, we decided not to cut them totally," added Executive Engineer K. Venkat Reddy.

The trees along the road are R&B property but had lacked in protection. Over the years, unscrupulous villagers had felled at least 50 mango and neem trees to expand their agricultural fields on the road side.

## Farmers open zero-balance accounts for fresh crop loans

Farmers in the district are being facilitated to open zero-balance accounts at the District Central Cooperative Bank as per Know Your Customer norms for the purpose of disbursing fresh farm loans.

The bank accounts were opened through conduct of special camps.

In recent weeks, Rs. 32.54 crore was disbursed as crop loans to 8,365 farmers, a press release said.

So far during this year, the 227 primary agricultural cooperative banks had forwarded Rs. 207.49 crore as crop loans to 25,139 farmers. During 2015-16, there were 65,106 beneficiaries of crop loan to the tune of Rs. 451.61 crore, the release said.

## J&K to implement crop insurance scheme

The Jammu and Kashmir government has decided to implement the new crop insurance, PMFBY, in the ongoing rabi season, covering a dozen crops including wheat and paddy.

With this, total number of states and Union territories implementing the Pradhan Mantri Fasal Bima Yojana (PMFBY), launched early 2016, has reached 27.

“The State has finalised the tender. The State-level coordination committee on crop insurance (SLCCC) met last week and finalised the notification,” a senior Union Agriculture Ministry official told PTI.

The notification will be issued any time soon. Paddy, maize, wheat and some oilseeds will be covered under the scheme, he said.

Although the State is implementing the policy almost towards the end of the rabi sowing, farmers can still take up PMFBY as the Central government has extended the deadline for enrolment till January 10.

The J&K government had sought the Centre to give permission to cover horticulture crops, especially apple, mango and saffron under PMFBY, but its proposal was denied.

**Kharif crops**

The State had last offered the crop insurance scheme NAIS (National Agricultural Insurance Scheme) for 2013 kharif (winter) crops, under which 4,545 farmers had enrolled insuring a sum of Rs 1,858 lakh, while the claims to the tune of Rs 2.34 crore was given to about 183 farmers.

It had also offered Weather-based Crop Insurance Scheme (WBCIS) in 2014, under which 1,364 farmers had enrolled insuring total sum of Rs 461 lakh and Rs 30 lakh claims was given to all those who had taken the policy.

These two crop insurance policies were merged to launch a new crop insurance scheme PMFBY, under which farmers pay very nominal premium and get full claim for the crop damage.

## MIS for areca: Deadline ends without procurement

***The government has decided to procure areca through five co-op. societies in State***

The Market Intervention Scheme (MIS) announced by the Union government for arecanut has concluded without any procurement.

As the prices of arecanut had slumped by about 10 per cent following the Union government decision to demonetise Rs. 1,000 and Rs. 500 notes, farmers were optimistic that MIS would result in recovery of prices.

However, as no procurement was made owing to the confusion prevailing regarding cost sharing and the guidelines to be followed for the process, the farmers have demanded that the Union government extend the procurement period.

The Ministry of Agriculture and Farmers Welfare had announced to procure arecanut through five cooperative societies in the State from December 7 to 31. It was decided to procure red variety of arecanut at a market intervention price (MIP) of Rs. 27,000 per quintal and chali variety for Rs. 25,100 per quintal.

However, the procurement process did not commence owing to the confusion prevailing between the Centre and State government on cost sharing.

The cooperative societies could not take up procurement owing to lack of proper directions from the Central and State government on finance, quality of the produce to be procured, and on the volume to be procured from small and marginal farmers. With the conclusion of the period of MIS without making any procurement, farmers are disappointed with the way in which both the Union and State governments have handled the issue.

H.R. Basavarajappa, general secretary, Karnataka Rajya Raitha Sangha has said that both the Union and State governments have become insensitive towards the problems faced by areca growers. It is a grave irresponsibility that the Centre made an announcement on MIS without issuing proper directions to the State on the cost issue. The State government has also failed to seek clarifications from the Centre in proper time in this regard. There was no proper communication between the Union and State governments over the issue owing to which areca growers have suffered, he added.

Rajappa, an arecanut grower from Siddapura village, had postponed the sale of areca at his disposal hoping that MIS would result in recovery of prices.

"As I have to clear the loan that I had borrowed from a moneylender last year for sinking a borewell in the plantation, I have to sell the produce for the prevailing price to clear the loan," he added.

## As another drought looms, farmers yet to receive promised relief

Even as a severe drought looms large following the failure of monsoon in the State, the farmers in Kozhikode district who suffered huge losses due to drought over the last three years are yet to get the full compensation announced by the Union government.

The payment of around Rs. 75 lakh, sanctioned by the Union government during the 2013-14 fiscal, is still pending with the Agriculture Department in the district. Though the fund is claimed to be ready for distribution through various Krishi Bhavans, it is unlikely to be paid to the beneficiaries before the impending drought.

Fresh applications for drought relief for the subsequent years will be considered only after clearing arrears, adding to the worries of small farmers.

Agriculture officials said the Union government had sanctioned only half the compensation claimed in 2013-14. In the 2014-15 fiscal, the total claim under the drought relief package amounted to Rs. 1.96 crore. The following year, it was around Rs. 14 lakh. In the current fiscal year, the department received claims for Rs. 10 lakh.

Officials pointed out that the Agriculture Department had not processed the claims received between 2014 and 2016. The claims, amounting to Rs. 2.20 crore, would be considered only after the distribution of the pending Rs. 75 lakh compensation amount of 2013-14 fiscal.

**Irrigation plan**

Adding to the concerns of the farmers, the district irrigation plan with a slew of special measures is yet to get the approval of the State-level sanction committee. The irrigation plan, which sought Rs. 1,312 crore for five years to implement various water conservation programmes and drought relief measures, has been pending approval for more than a year.

The district irrigation plan proposed under the Prime Minister's Krishi Sanjayee Yojana was also aimed at improvement and conservation of the district's fast vanishing water sources, an official said. The approval process was time-consuming. The current delay on the part of the State machinery in forwarding it to the Centre would directly affect farmers, he added.

## Credit plan released for Namakkal

A potential-linked credit plan (PLP) of Rs. 5,527.36 crore has been projected for Namakkal district during 2017-18 by NABARD (National Bank for Agriculture and Rural Development).

District Collector M. Asia Mariam released the plan at the district level review committee meeting recently and asked bankers to increase their target of medium and long-term credit for agriculture as there was good potential to promote farm mechanisation, micro irrigation systems, horticulture and animal husbandry.

The plan reflects a 19 per cent rise in credit flow over the current financial year.

S.K. Dhinesh, District Development Manager, NABARD, said that the credit flow of Rs. 2,271.25 crore was for crop loan, and Rs. 569.75 crore was projected for micro, small and medium enterprises.

S. Raveendran, Assistant General Manager, Reserve Bank of India, said that banks need to create awareness on digital payments through financial literacy awareness programme.

S. Chandrasekar, Lead District Manager, said that banks would strive to achieve the priority sector lending targets.

## Govt. to increase red gram procurement

***From 7 lakh tonnes, it will be raised to 10 lakh tonnes, says Sharanprakash Patil***

The State government will enhance the target to purchase red gram, cultivated in Kalaburagi district, from 7 lakh tonnes to 10 lakh tonnes, said Sharanprakash Patil, Minister for Medical Education.

Inaugurating various development works, taken up under the Rashtriya Krishi Vikas Yojana in Agrculture Produce Marketing Corporation (APMC) yard at Sedam town on Saturday, Dr. Patil said that out of 20 lakh tonnes of red gram cultivated in the district, the government had accepted to buy 7 lakh tonnes.

Decision to increase the procurement upto 10 lakh tonnes will help farmers he added.

He said that the farmers, in Kalaburagi, Bidar, Yadgir, Raichur and Koppal, were selling their agricultural produce at procurement centres at a price of Rs. 5,500 per quintal, which included Rs. 5,050, the Minimum Support Price fixed by the Union government, and Rs. 450 bonus given by the State government for each quintal.

Besides the existing warehouse of 5,000 tonnes capacity, the State Warehousing Corporation will construct a new warehouse with a storage capacity of 10,000 tonnes at an estimated cost of Rs. 9 crore.

These warehouses would help farmers to stock their produce for reaping a good price, Dr. Patil added.

Efforts are on to make Sedam a model town, Dr. Patil added, and said that Rs. 5 crore has been allocated for the construction of the Ranga Mandir at Sedam town, Rs.10 crore for construction of Mini Vidhan Soudha.

The taluk would also get an indoor stadium soon at an estimated cost of Rs. 2 crore.

In addition, the government has allocated Rs. 20 crore to facilitate 24x7 drinking water schemes and Rs. 20 crore for underground drainage system at Sedam town.

## Fertigation facilitates banana cultivation at research institute

Though the failure of monsoon has been influencing the growth and cultivation of a large number of agricultural produce, fertigation -- a combination of drip irrigation and application of fertilizers, being adopted at the Agricultural Engineering College and Research Institute of Tamil Nadu Agricultural University at Kumulur near here to irrigate banana crop, has started showing results.

The experiment is being done on ‘Elarasi’ banana variety, which is raised by a limited number of farmers in the district.

“We supply water and fertilizer through drip irrigation technique as and when required. The duration of supply is closely monitored so that not even a drop of excess water is used," said K. Arunadevi, Assistant Professor, Soil and Water Conservation Engineering of the Institute.

Monitoring of the moisture content ensured the speedy and quality growth of plants. Further, the growth was found to be uniform in all the plants, she added.

Normally, it involves labour-intensive care throughout its duration for about a year. The growth of the banana plants, raised about a couple of months ago, has been quite normal. Water should not be used excessively but banana farmers tend to use a huge quantum of water, particularly in the 'Elarasi' fields. The experiment aims to drive home the point that limited use of water can yield better result.

**Advantages**

The limited supply of irrigation water has ensured not only economy in water but avoided leaching of nutrients and problems caused by weeds. Drip irrigation, through uniform and direct application of water at root zones, has eliminated the problem, he said.

***The experiment is being done on 'Elarasi' banana variety, which is raised by a limited number of farmers in the district***

## Credit plan envisages flow of Rs. 7,543 crore for Tiruchi

The Potential Linked Credit Plan for 2017-18 prepared by the National Bank for Agriculture and Rural Development (NABARD) has envisaged a credit flow totalling Rs. 7,543.36 crore for the district. The projection registers a growth of 13 per cent over the one prepared for 2016-17.

A lion's share of about Rs. 4,299.71 crore, accounting to 57 per cent of the projection, is earmarked for agriculture sector; Rs.1,206 crore for Macro Small and Medium Enterprises and Rs. 980 crore for housing. Projections for education, export credit, social infrastructure and renewable energy have also been incorporated in the Plan. As part of agricultural activity, the plan has envisaged a credit flow of Rs.277.53 crore for 'food and agro processing'. An area-specific dairy development scheme with Rs.15 crore has also been included.

K. S. Palanisamy, District Collector, released the plan and the first copy was received by S. Thyagarajan, Assistant General Manager, Reserve Bank of India, Chennai at a function held here on Friday. The Collector stressed the need to step up credit flow for capital formation in agriculture and MSME sector. He lauded the functioning of Farmers' Collectives, which were playing crucial role in the area of transfer of technology, input aggregation, value addition and marketing of produce. Highlighting the importance of dry land farming, he underscored the need for improving production and productivity of millets, pulses and oilseeds in the current scenario. He called for inclusive growth for all sections of the society.

S. Suresh Kumar, Assistant General Manager, NABARD stated that the plan aimed at achieving the goal of doubling farmers income by 2022 through adoption of weather-based cropping and market determined production system, adoption of less water intensive crops, formation of Farmer Producers' Organisations, strengthening of supply chain management and infrastructure development.

DECCAN Chronicle

**Water crisis looms as Mettur dam level dips**

The amount of water released was also reduced drastically due to plummeting water levels.

Mettur dam

**SALEM**: As many as 12 districts dependent on Mettur dam for water requirements face a threat of acute drinking water crisis in the coming days as its storage level has dipped to an all time low of mere 37 feet, as against its full capacity of 120 feet due to lack of rainfall.

Every year water used to be opened for delta agriculture irrigation on June 12, but in 2016 the dam missed its date and was released only on September 20, due to lack of sufficient storage in the reservoir.

The amount of water released was also reduced drastically due to plummeting water levels. The situation got aggravated as Karnataka too refused to release water into the Cauvery.

On a daily basis, 45 crore litres of water is drawn from the dam using floating motors to serve the drinking water needs of more than 500 villages. As the water table looks grim, the 12 districts dependent on the Mettur dam water could face severe water crisis in the coming months.

**Want to eat healthy? Grow your own food: Vani Murthy**

'People complain about organic food being expensive, but I've come to understand the efforts of the farmer who grows his produce naturally.'

What started off as an interest in Solid Waste Management led her gradually to growing her own safe and organic food.

Fresh Tomatoes, Brinjal, greens, cabbage, bottle gourd, snake gourd, beans, ajwain are a only a few of the many things growing in Vani Murthy's house, within the tightly packed, urban neighborhood that is Malleswaram.

One of the pioneers of urban farming here in Bengaluru, Vani says, “I had not grown a single plant in my life. Now, I have a whole edible garden on my terrace. I am able to take food from my garden, for cooking, at least three times a week.”

What started off as an interest in Solid Waste Management led her gradually to growing her own safe and organic food.

“In 2008, a few of my friends and I got together to try reducing our waste. We visited a landfill to understand the reality for ourselves - the stench hit us kilometres away from Mavalipura. We were shocked to see huge piles of stinking garbage and the people living near them," she said.

Malleswaram has become, thanks to their efforts, a self-sufficient neighbourhood in terms of waste management. Most of the bigger apartment complexes segregate waste, selling dry waste to collectors for recycling and using the wet waste to make compost. That's what led Vani to experiment with compost - "I failed miserably the first time," she adds modestly. "That inspired me to keep trying and I eventually managed to start growing my own food!"

From this point, there was no stopping her. Her success inspired hundreds of people, who continue to approach her hoping to make their own homes and neigbourhoods waste free and self-sufficient! Her Facebook page now has over 30,000 followers.

"Growing one's own food is a skill every child should learn," Vani says firmly. "When I bite into a tomato bought from the market and one from my garden, I can instantly tell the difference. The store-bought variety is full of pesticides," she exclaimed.

The chief complaint about organic food is that it is pricey. "I understand the efforts of the farmer who grows food naturally - his crop grows slower and produces less, but there are no chemical additives. I'm happy to pay a higher price for clean food!"

Her friends and her formed the group, 'We care for Malleswaram' that puts up a stall in the quarterly organic food festival, 'Oota from your Thota'. Here too, she meets people and helps them understand how to start their journey of urban farming.

Vani derives much pleasure from growing food each day. "I'm at peacee when I'm surrounded by my plants," she said. Her balcony is packed with vegetables growing from small boxes of soil and leaves emerging from mud filled tetra packs. Vermi composting and Bokashi composting are her processes, which she does full time. Composting can take a few tries to get right, in her experience. Another ostacle that she continues to face is rats eating up her leaves and vegetables. Pests like rats and caterpillars were a cause of disgress, but that changed when she saw beautiful butterflies fluttering around her garden one day! "I have been rearing caterpillars ever since," she smiled. Special plants are kept to feed the caterpillars and this too has become a trend among her fans. The facebook group has people sharing information on how to keep the food safe and also rear butterflies on the side.

Her logic to anyone who questions her interest in growing food is, “ We spend so much to make sure we get the right smartphone with good touch screen, picture quality and what not. Why not spend to eat safe and tasty food?”

Business Standard

**Spices Board banks on value-added products amid struggling exports**

*Plans to sell products such as spice chocolates, mouth fresheners, cosmetics in the global markets*

With conventional spices from India unable to post considerable growth in exports, the Spices Board has gradually turned towards value addition in the form the brand 'Flavourit'. The board aims to partner with private players to sell premium spices, value-added products such as spice chocolates, mouth fresheners and cosmetic products in international markets.

Flavourit Spice Trading Ltd (FSTL), a Spices Board enterprise, has invited expression of interest (EoI) from prospective investors to take up franchises for 'Spices India' signature stalls in overseas markets, though responses so far have not been so encouraging.

India's spice production has remained at around six million tonnes during the past five years. The board also opened its first signature outlet 'Spices India' at Delhi early this year.

"We have formed a company Flavourit to develop and promote value addition in Indian spices and invited investors to sale in global as well as in domestic market.

However, so far no one has come forward to join hand with the board," said A Jayathilak, chairman, Spices Board India.

The poor response is being attributed to unstable production and increased competition from other producing countries such as China, Indonesia, Turkey, Spain and Pakistan.

Flavourit has been initiated by Spices Board of India to promote quality spices. It is a high-end brand of spices that appeals and caters to a niche audience, which places more emphasis on quality rather than price. The enterprise offers an array of products ranging from spices and spice extracts to cosmetic products such as soaps, face washes, cream and so on, apart from the spice-flavoured chocolates.

The board has opened its first signature outlet at Delhi and also invited investors for franchisee in India and abroad. According to spices industry, one of the reasons behind poor responses is several players in the industry have their own brand and they are already selling value added products in the country as well internationally.

"The products will be sold through signature stalls set up in overseas market in partnership with private investors. The stalls are part of the board's efforts to bring about systematic diversification and sustainability of the industry," said Jayathilak.

It is expecting that these outlets would help the board increase access in global markets and further promote the popularity of Indian spices on international front.

Prakash Namboodiri, chairman of the All India Spices Exporters Forum (AISEF) said, "The idea of the board is good but many companies already selling value added spices products in India and abroad."

While India may be enjoying top position in global spices market with nearly 45 per cent share, rising cases of adulteration and pesticides issues are posing a threat to the country's standing. Several importing countries have already raised complaints for qualities and mixing especially in jeera (cumin), chilli and pepper. Also importing countries have warned India to serve quality products and tighten the rules for India or lose business.

"It is true that adulteration and pesticide issues are major aspects governing the food industry and trade market. The food safety and sustainability are the key words ruling the global market. All importing countries have their own stringent food laws and regulations to maintain quality standards of products imported to ensure the safety and health of their citizens and the exporters have to abide with these rules," said A Jayathilak.

According to Jayathilak, there persists a continuous international demand for the Indian spices owing to its superior quality and India has been able to maintain its good image in the world market by taking rapid initiation to sort out the alerts received from the importing countries.

THE TIMES OF INDIA

**For Agar farmers, it's winter of 'bitter' orange harvest**

BHOPAL: Sweet and sour fibrous orange is literally leaving a bitter taste in the farmer's mouth. Post-demonetisation, thousands of orange farmers in Agar-Malwa district incurred losses in several crore in November-December harvest season.

And as the cash crunch continues, crisis for March-April season stares hard thousands of farmers cultivating orange on 40,000 hectares of land in the district.

In the absence of cash, orange orchards are yet to be auctioned.

"It's a double whammy," said Durga Paliwal, 60, a farmer cultivating citrus fruit over 100 acres of land in Agar.

"At a time your are required to handle at least Rs 3 lakh in cash to pay labourers, who come especially from Maharashtra to pluck oranges, to pay transporter to carry fruit to markets and the cash is also required to be paid to wooden carton manufacturers in which the fruit is placed."

Paliwal and his family is into farming for ages. Mukesh Jain, another farmer, who grows oranges on 40 acres of land, said, "More than 7,000 families come from villages of neighbouring Maharashtra to pluck oranges in November-December every year. They are specialists, who know how to handle the delicate fruit. But this time their number is not even 50."

As there were less labourers, all oranges could not be plucked. The result was fruits over-ripened on plants, resulting in less than expected returns for farmers and businessmen.

Pawan Mangal, who is harvesting oranges on 10 acres of land, said, "Looking at prevailing situation and continuing restrictions on cash withdrawal, traders are not showing interest in auctioning of orchards for crop that would go to market in March and April."

Paliwal said the farmers have incurred huge losses as a lot of money was spent on manure and insecticides among other farming activities to maintain the crop.

**Agro techs to up medicinal crop produce**

INDORE: With an aim to promote medicinal plantations in the region, Agriculture College of Indore is working on varietal development and agro techniques to enhance production of medicinal crops in the state.

The college has developed over 10 varieties of medicinal plantsin the past few years.

It has collected around 400 plant species from different regions of the state and developed 12 varieties of medicinal plants from seven species in 8 years. Dr DK Shrivastava, scientist at Agriculture College said, "The industry for medicinal plants is expanding with the demand for herbal products and ayurvedic companies increasing. The climate and land in the state is best suited for medicinal farming."

Shrivastava said the area under medicinal farming in the region is growing by over 10 per cent per year on better remuneration and increasing demand here and overseas.

THE HINDU BusinessLine

**'Vannamei' key to fisheries export growth: MPEDA**

Mumbai, January 1:

Introduction of exotic 'vannamei' shrimp into India's coastal aquaculture system has significantly contributed to maintaining the momentum in the country's marine product exports, according to MPEDA.

"Indian marine product exports are doing quite well over the last few years. Major factor that contributed to the increase in exports was the introduction of vannamei shrimp variety into our coastal aquaculture systems," Marine Products Export Development Authority (MPEDA) Chairman A Jayathilak told PTI.

**2 major varieties**

"As the shrimp production saw a surge, our exports also grew accordingly, given frozen shrimp is the major item of export from the country," he said.

Indian marine products are principally supported by frozen shrimp, which is mainly sourced from the coastal aquaculture farms. India farms mainly two varieties of shrimp — ‘Pacific White Leg Shrimp’ (Litopenaeus vannamei) and ’Indian Black Tiger Shrimp’ (Penaeus monodon).

Black Tiger Shrimp is mostly farmed in the traditional ponds of West Bengal, Odisha and Kerala, whereas the exotic vannamei variety is farmed mainly in states like Andhra Pradesh, Gujarat, Tamil Nadu and Odisha, he said.

India has produced 4.09 lakh tonnes of vannamei shrimp during 2015-16. The broodstock of vannamei variety is imported from abroad right now. The import quarantine facility for vannamei broodstock is located at Chennai and is operated by the MPEDA’s subsidiary organisation, Rajiv Gandhi Centre for Aquaculture (RGCA).

**Shrimp seeds**

MPEDA has also developed high health shrimp seeds for farmers so that crop failures can be minimised.

“It has also developed technology for seed production and farming of variety of species such as Tilapia, Seabass and Mangrove crab. Many farmers in Andhra Pradesh, Tamil Nadu, Maharashtra and Odisha have taken up the farming of those varieties. MPEDA is hopeful that those varieties also will substantially contribute to the country’s export production in the near future,” he said.

“However, we have utilised just 11 per cent of our potential area suitable for coastal aquaculture. It is important that the governing bodies shall identify and notify specific aquaculture zones, which will give a fillip to the long standing demand of farmers to augment production with least social conflicts,” he said.

**Good demand**

Indian shrimp especially enjoys very good demand in all major overseas markets. Despite prevailing anti-dumping duty on frozen shrimp, India remains the largest supplier of the item to the US market, he said.

The bigger sizes of shrimp offered by India at very reasonable rate is much enjoyed by the US and European buyers alike. It is also a leading supplier of frozen shrimp to

Japan and Europe as well. Indian Black Tiger shrimp from traditional farms enjoys a niche market in Japan, he revealed.

**Cotton seed oilcake faces price squeeze**

Higher cotton production will keep prices capped in the near term

Cotton seed oilcake, a major source of livestock feed, has been trending lower over the past couple of months. Traded on the NCDEX, the by-product of kapas (raw cotton), peaked at □2,791 per quintal in July and has since fallen by a steep 28-odd per cent to □2,012 per quintal now. Expectations of higher production of cotton this year led to a sharp fall in prices over the past couple of months. From here on, while prices may not correct sharply, they are likely to remain under pressure in the near term.

Kapas is unginned cotton or the white fibrous substance covering the seed, obtained from the cotton plant. Upon ginning, the lint (about one-third in weight) and the seed (two-thirds in weight) get separated. While lint becomes the raw material for cotton yarn or thread, the seed is crushed for extraction of oil. The by-product which remains after extraction of oil is called cotton seed oilcake, which is mainly used as cattle feed. The cotton seed oil recovery is around 12 per cent while the oilcake forms 86-88 per cent.

In India, a major chunk (over 95 per cent) of the cotton seed is processed through the primitive method and the resultant oilcake that is extracted is called undecorticated cotton seed oilcake. This commodity (COCUDAKL) is traded on the NCDEX.

In cotton seed oilcake, the greater the oil content, the better is the quality. As per the quality specifications laid down by the NCDEX, the oilcake has to have a minimum of 6 per cent oil content.

**Price determinants**

Just as in the case of any other oil cake, the price of cotton seed oilcake too mainly depends on the production dynamics of the primary source — in this case, cotton or kapas. In India, though Maharashtra has the largest area under cotton cultivation, cotton production is highest in Gujarat, thanks to higher crop productivity. Other leading cotton growing States are Andhra Pradesh, Telengana, Punjab, Haryana, Rajasthan, Madhya Pradesh and Karnataka. In the states of Gujarat and Maharashtra, sowing takes place in June and July and harvesting in October and November. Fresh production of cotton seed oilcake starts after the arrival of cotton in different regions of India.

Following production of 380 lakh bales (170 kg each) in 2014-15, cotton production fell in 2015-16, causing prices to rally. According to data provided by the Solvent Extractors' Association (SEA) (based on the figures put out by the Cotton Advisory Board), production fell to 350 lakh bales in 2015-16. This is set to increase marginally to 351 lakh bales in 2016-17. With cottonseed production set to increase to 108.8 lakh tonnes in 2016-17 from 108.5 lakh tonnnes in 2015-16, (at a conversion rate of 310 kg per bale as per SEA), cottonseed oilcake production is expected to go up to 90.9 lakh tonnes from 90.6 lakh tonnes.

**Varied expectations**

However, some market players believe that production was far lower at about 307 lakh bales in 2015-16.

As per estimates put out by the Department of Agriculture, Cooperation and Farmers Welfare, cotton production for 2015-16 was 305 lakh bales. This pegs the growth in cotton production for 2016-17 much higher at about 10 per cent to around 330 lakh bales. Some market players even expect a sharper 15-20 per cent growth.

**Outlook**

Expectations of a sharp rise in cotton production has, in turn, depressed prices of cottonseed oilcake over the past couple of months. On the demand side, the dynamics remain the same and growth is expected to be steady year-on-year.

While prices of substitutes such as guar churri, pulses churri, and rape mustard seed meal, among others, do have some bearing on the demand of cottonseed oilcake, they are not big movers of price. This is because cotton oilseed cake is a unique product and only a portion of the consumption shifts to other substitutes, if prices turn adverse.

With the price of cottonseed oilcake mainly driven by the pace of production of raw cotton, the outlook for the near term remains bearish. After the sharp fall in prices since July, the commodity has ended the year about 8 per cent lower.

While a very steep fall is unlikely from here on, the commodity will be caught in a bear grip at least in the near term.

**Mother Dairy launches digital payment system**

In a bid to promote cashless transactions, Mother Dairy Fruit & Vegetable Pvt Ltd on Friday introduced Aadhaar Enabled Payment System (AEPS) in its Milk & Safal Booths. The company said this service will now be available in addition to options to use E-wallets and SmartChange Cards.

The company said enabling Aadhaar Enabled Payment was implemented across more than 1,000 booth in a record three days.

S Nagarajan, Managing Director, Mother Dairy Fruit & Vegetable Pvt Ltd said, “We are aware of the challenges our consumer faces in making transactions. To ease the same, we introduced e-wallets and SBI Smart Card earlier. We are now happy to offer yet another convenient mode of making transactions through Aadhaar Enabled Payment System. The AEPS mode of payment is one of the easiest modes of transaction as it does not require any physical cash or card to make the transactions.”

**The basics of commodity trading**

For all those of you who want to start investing in commodities, here are some basic steps to be followed.

The first step towards commodity trade is the selection of broker. Traditional brokers offer an offline platform where a dealer puts through the trades. These brokers also provide support through research tips. On the other hand, the discount or online brokers will offer you an online trade platform for relatively lower brokerage. However, you will not have an advisor to help you trade or provide research reports. Traditional brokers like Sharekhan, Kotak Securities and Geofin Comtrade charge brokerage between 0.01 and 0.03 per cent on contract value or turnover for trading in commodity futures. With discount brokers like Zerodha and RKSV, the brokerage is only lower of □20 or 0.01 per cent per trade irrespective of the contract value. But, do your homework to check on the broker's reputation before you sign up.

**Choose smart**

Once you decide on your broker, you will have to open a commodity demat account, for which you will have to provide PAN, bank account details, and address proof as a part of the KYC norms. Make a careful study to choose the commodity you wish to trade. First, to trade on any commodity contract, you need to pay upfront the initial margin of 5-10 per cent (minimum) of the contract value. The contract value is the lot size multiplied by the market price. So, commodities that are traded in large lots will have a higher contract value, and thus a higher margin requirement. A beginner should thus choose small contracts. For instance, one lot of gold guinea, which is 8 grams, costs □22,275 currently. The initial margin on this contract is only 4 per cent - which is □961. Similarly, there are small lots in silver, copper and aluminium, which you can consider. In addition to initial margin, clients will also be required to pay for MTM margin to offset the loss, if any, in the contract at the end of each trading day. It is calculated by marking all positions in the futures contract to the settlement price at the end of the day. The exchanges may also charge other margins. If volatility in a contract increases, the exchanges will recalculate the margins and collect the additional money in T (trading day)+1 day.