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## Awards & Grants



**Proud moment: A. Vijayakumar, Professor of Seed Science and Deputy Registrar (Education), Tamil Nadu Agricultural University (right), receiving an award from Sharad Pawar, Union Minister for Agriculture and Consumer Affairs, Food and Public Distribution (left), at the National Agricultural Science Academy, New Delhi.**

Outstanding teacher

A. Vijayakumar, professor of Seed Science and Deputy Registrar (Education), Tamil Nadu Agricultural University, has been awarded the “Bharat Ratna Dr. C. Subramaniam Award for Outstanding Teacher” for 2007-08.

He received the award from Sharad Pawar, Union Minister for Agriculture and Consumer Affairs, Food and Public Distribution, at the Foundation Day celebrations of the National Agricultural Science Academy, New Delhi.

Mr. Vijayakumar was presented the award in recognition of his outstanding contribution as a teacher in seed production, especially in horticultural crops. He has also guided students and published research articles in more than 60 journals. Amutha Kannan

Online edition of India's National Newspaper

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## **Call for switching over to renewable energy**

AMUTHA KANNAN



**Awareness:S. Gomathinayagam, Director of the Centre for Wind Energy Technology, Government of India (second left), and P. Murugesha Boopathi, Vice-Chancellor of Tamil Nadu Agricultural University (left), taking a look at the exhibits on display at the Ecofest 2010 at the university in Coimbatore.**

The annual 'Ecofest 2010' organised by the students of the B. Tech. Energy and Environmental Engineering of Tamil Nadu Agricultural University turned out to be a veritable array of awareness creating exercises in renewable energy and clean environment.

With over 12 institutions taking part in the paper and poster presentation, technical quiz, documentary film, and models, the fest brought forth various kinds of talents to the fore. However, what caught the attention of many was the exhibition that displayed 17 exhibits prepared by the hosts. A special mention should be made of the models of spherical solar panel, co-generation plant, trends in waste recycling, water softening by zeolite process, impact of urbanisation on water bodies, and integrating municipal waste management and electricity generation.

Inaugurating the exhibition and the events, S. Gomathinayagam, Director of Centre for Wind Energy Technology, Government of India, Chennai, said that though India was among the top 10 countries in the world to be aware about environmental issues and clean energy production, it still had a long way to go in generating energy from renewable sources.

“Even though the U.S. is the leader in generating wind energy with 25,170 MW, it is the German model which is in the second place that is very popular. Germany produces 23,903 MW energy

from renewable sources and has only 20 seconds power cut in a year. It aims to completely change over to renewable energy by 2050. In the process many thermal plants are getting closed down. India has to look to Germany for adopting this model,” Mr. Gomathinayagam said.

India was in the fifth position with 11,835 MW. Though India's capacity to produce had not reduced, some countries like China had superseded it in production. Pointing out the advantages of generating wind energy, Mr. Gomathinayagam said it was very easy to install wind mills. P. Murugesu Boopathi, Vice-Chancellor of the university, said the fest was an important step in creating awareness among the young generation about the use of clean energy for sustainability of the earth and mankind.

The prize for the best exhibit went to the one on integrating municipal waste management and electricity generation prepared by S. Kausalya, third year student of B.Tech. Energy and Environmental Engineering.

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## **A few good women**

Enterprise Novel initiatives by Self Help Groups have changed the lives of women in the outskirts of the city. Divya Sridharan reports on some of the programmes



**Showing the way The SHGs provide women an alternative source of income through a series of initiatives, from recycling bottles, growing vegetables to vermicomposting**

Nirmala is a mother of two girls, and her husband is a farmer. As usual, for the past one month, she has been going about her daily chores at home. But, perhaps for the first time in her life, she reports to office too.

She works at Sona MSHG, which recycles glass bottles retrieved from TASMAL bars.

A recent initiative, Sona is a women's self help group (SHG) in Gudalur Town Panchayat, Coimbatore. Today, Nirmala contributes Rs.2000 per month towards the family income. The money, she says, is for her daughters' education.

## **A sound system**

Over 10 SHG members work here from 9 a.m. to 6 p.m. “The timings are perfect, as we are able to see off our children, report for work, and return home to tend to the family,” says Nirmala. The work place is nearby, which makes it safe and convenient, so much so, that the members go home for lunch. They earn daily wages of Rs. 125, and as Jyothi, another member says, “most find it tough to have savings, as we have several problems at home to take care of.”

Working at Sona couldn't have come at a better time.

Six to 10 men collect used bottles from 15 TASMAL bars. The bars are located in areas like Kuniamuthur, Madukkarai, and Coimbatore Town. Seventeen types of bottles are collected, with each gunny bag carrying 200-240 bottles. Eshwaran, who has invested in this business, says that they have 15 trucks worth of stock!

“The women unload and load the vehicles. They are strong,” he says. Eshwaran has found able support in his sister Sarojini. She has helped oversee over 120 SHGs in her area, along with serving as Secretary at the Panchayat level. Sarojini is the leader of Sona MSHG too.

Caps and neck rings are first removed from the bottles, and these are soaked in a tank filled with water for a day, or overnight. Sarojini adds: “the women use special brushes to clean these bottles with soap water. They use clean water to wash the bottles, and dry them out in the sun.” Once dry, the bottles are loaded into cartons, which are bought by nearby distilleries.

“At present, we recycle 1500 bottles a day,” Eshwaran adds. “But we want to increase this to 10,000 bottles a day.”

Eshwaran has previously lived in countries like Saudi Arabia. He wanted to return to his city to do something good.

“We have invested whatever we had into this business,” he says. “But, we want to increase our production and the number of people working, perhaps to 50 members. But we need more funds.”

Eshwaran hopes to turn this recycling business into “a full fledged industry, complete with benefits for workers.” Sarojini adds that they couldn't have accomplished this without Kalyanasundaram, Executive Officer, Gudalur Town Panchayat, Coimbatore. Kalyanasundaram is a busy man, for he has also been involved in a unique solid waste management programme for over three years. “This is run by a SHG too,” he says, as he takes me to their site of work, only a kilometre away from Sona.

An old school building and compound has been converted to house Selvanayaki MSHG. Over 13 members, wearing smart uniforms, collect waste door-to-door.

## **Involving the community**

Kalyanasundaram adds: "Through local advertisements, we have mobilized the neighbourhood to segregate decomposable from non decomposable wastes. Most households willingly participate in this activity." SHG members further segregate the wastes that haven't been done by certain households.

Waste is collected from 6 a.m. to 2 p.m. The decomposable wastes are first dried in a shed for 30 days. "These are taken to another area, for vermicomposting," Kalyanasundaram explains.

The organic fertilizers thus prepared, are packaged by the women, which are sold in the market.

Wastes like plastics are shredded using machines. "At present we sell these as they are," Kalyanasundaram says. "Buyers can make any number of items out of these, like hose-pipes for rough use." Subsequently, they hope to make these items themselves.

In total, there are over 36 SHG members. They are also involved in growing organic vegetables, using fertilizers made in house. "We sell these vegetables locally. So, if the market price is at Rs. 15, we sell the vegetable at Rs. 10," Kalyanasundaram says. A rare occurrence, as normally, organic vegetables are relatively high priced! Beetroot, cauliflower, brinjal, okra, and even mushroom – its all here!

"We have used nearly 50 per cent of a grant given by the government towards this project," Kalyanasundaram says.

He adds that the programme has been awarded by the state, as it is the first of its kind in the district. "For now, the women make Rs.100 a day. The project is still drawing money from the Town Panchayat," says Kalyanasundaram.

But if all goes well, they hope to make Selvanayaki MSHG self-sufficient in the next two years.

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### **Papaya crop hit by mealy bug**

DINDIGUL: An outbreak of papaya mealy bug has affected hundreds of acres of papaya grown in and around Kannivadi and Reddiyarchatram regions in Dindigul district. Since the bug has caused severe damage to the crops, farmers have incurred huge losses.

The mealy bug is a polyphagous sucking pest that infests crops such as cotton, papaya, tapioca, mulberry, jatropha and other cultivable crops. The pest sucks the sap of the plant and weakens it. The honey dew secreted by the bug results in the formation of a black sooty mould that causes further damage to the crops.

Collection and destruction of mealy bug-affected plants and repeated deep ploughing were some of the quick remedial measures for preventing further spread of it to other plants, said a team of scientists who visited these villages.

Farmers should take up integrated pest management measures on a war footing to prevent further spread, they said.

The team comprised Agriculture College and Research Institute Professors Chinnannan and Ravi Sekaran and researchers from Maize Research Station in Vagarai near Palani.

After inspecting these places, they have advised the farmers to take up series of preventive measures including adoption of repeated ploughing that would help in burying egg masses of the mealy bug in the soil after harvest.

Removal or destruction of weeds such as Parthenium, Aclifa and Datura would also prevent building up and carrying over of the mealy bug during off- season. Acute care was essential to avoid transportation of mealy bugs through workers and farm equipment used for harvesting. Farmers should also avoid grazing cattle in the harvesting field, they said.

The farmers were also advised to follow integrated pest management measures such as removing alternate weed hosts, regular pruning of severely affected parts of the crop, conserving natural enemies and using botanical insecticides such as neem oil or fish oil.

Similarly, any one of insecticides such as profenophos, chloropyriphos and thiamethoxam could be sprayed in rotation at an interval of 10 to 15 days for effective control of mealy bugs.

If control measures were not taken immediately, the farmers might lose their crop because of high temperature, low humidity, dry wind and no rain, they said.

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## Compensation sought for farmers hit by pollution

Staff Reporter

*'Over 11,000 ryots affected by effluent discharge into Noyyal River'*

KARUR: The Tamil Nadu State Vivasaya Sangam has urged the authorities and the State Government to grant compensation for all farmers in Karur district affected by the effluents discharged into Noyyal River by dyeing and bleaching units in Tirupur.

State secretary of the Sangam V.K. Ramasamy said authorities had identified a total of 11,968 farmers in Karur district who had been affected by the pollution. Though the quantum of compensation sanctioned by the authorities was not to the satisfaction of the farmers, served by the Aathupalayam reservoir, the authorities had granted around 50 per cent of the allotted compensation. Even two years after the compensation was awarded, the remaining 50 per cent has not been paid , he pointed out.

When asked for details, officials were claiming that around Rs. 25 crore has been collected from the polluters. A sum of Rs. 6.5 crore was given by the District Collector, Coimbatore, to the District Collector, Karur for disbursal to the affected farmers on January 5, 2008 and the amount has been disbursed to most of the farmers.

Stating that the amount constituted only a fraction of the promised compensation, Mr. Ramasamy sought to impress upon the Tamil Nadu Assembly Petitions Committee that camped here recently to expedite the disbursal of the balance compensation.

Besides he noted joint pattadars could not fully access the compensation during the first phase of the award. Any problem in disbursal of compensation to joint pattadars should be addressed properly, he added.

The quantum of compensation that has been awarded was disproportional to the loss suffered by farmers over the years. The authorities should consider the plight of the farmers and sanction compensation.

The Sangam also wanted authorities to identify and disburse compensation at the village level so as to avoid summoning the farmers to the taluk offices.

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### **Stress on SRI to meet demand for foodgrains**

Special Correspondent

VILLUPURAM: In the face of rising population, there is increase in demand for foodgrains. The demand-supply gap can be filled only through higher yield and this can be achieved by adopting System of Rice Intensification (SRI), said R. Palanisamy, Collector.

He was speaking at a mass contact programme held at Keezh Adhanur near here recently.

Mr. Palanisamy said that on one hand there was significant growth in population, but on the other, there was noticeable decline in area of cultivation. In an agrarian based district like Villupuram, this mismatch could be set right only through achieving higher yield.

The SRI system would offer a solution because it would give better yield with lesser quantity of seeds and lesser quantum of water than traditional farm practices.

Mr. Palanisamy also called upon the people to send their wards schools without fail. Differently abled children should also be sent to schools as elaborate arrangements had been made for them, he said.

The Collector called upon officials to bring out handbooks highlighting welfare schemes of the government.

Mr. Palanisamy also gave away assistance worth over Rs. 11 lakh to 478 beneficiaries.

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## Water released for samba cultivation in delta districts from Grand Anicut

*“Quantum of release to increase depending upon Mettur inflow”*

— Photo: M. Srinath



**Aiding agriculture:Ko.Si. Mani, Co-operation Minister and U. Mathivanan, Dairy Development Minister, releasing water from the Grand Anicut on Sunday. N. Selvaraj, Forest Minister, is in the picture.**

THANJAVUR: Water was released from Grand Anicut into Cauvery, Vennar and Grand Anicut Canal divisions on Sunday for samba cultivation in the Cauvery delta districts of Thanjavur, Tiruvarur and Nagapattinam.

Ko.Si. Mani, State Co-operation Minister, U. Mathivanan, Dairy Development Minister, N. Selvaraj, Forest Minister, M.S. Shanmugham, Collector, Thanjavur, and M. Chandrasekaran, Collector, Tiruvarur, PWD engineers and farmers lifted the shutters in the Cauvery, Vennar and Grand Anicut canal divisions. Water gushed out much to the delight of farmers and onlookers.

Later speaking to presspersons, Mr. Mathivanan said that water released from Mettur dam on July 28 reached Grand Anicut on Saturday. About 12,000 cusecs of water was released from Mettur dam and the realisation at Grand Anicut till Sunday was 10,000 cusecs.

The Minister said that 4000 cusecs each was let out into Cauvery and Vennar and 1000 cusecs each into Grand Anicut canal and Kollidam for samba paddy cultivation.

Quantum of water released will be increased depending upon the increase in the inflow into Mettur dam. The minister also said that inflow into Mettur dam is likely to increase. On Sunday the dam received 18,000 cusecs.

It has been planned to raise samba and thaladi on 1,40,000 hectares in Thanjavur district, 1,35,000 hectares in Tiruvarur district and 1,10,000 hectares in Nagapattinam district this year.

There is adequate stock of samba paddy seeds in the three districts. Seed varieties available with agriculture department are CR1009, Co43, ADT38, ADT39, and ADT46.

Adequate stock of Urea, Di-Ammonium Phosphate (DAP), Potash and complex fertilisers are available in the three districts. Steps had been taken for disbursement of co-operative loans to the farmers. The Minister appealed to the farmers to use the water efficiently and raise a good samba crop.

Meanwhile the water level at Mettur dam stood at 81.86 ft on Sunday. (last year on the same date the level was 94.11 ft). The storage was 43.835 tmc. (last year the storage on the same date was 57.474 tmc). Inflow into the dam was 18,000 cusecs. (last year the inflow on the same date was 11000 cusecs). Discharge from the dam was 12000 cusecs.

M. Moorthy, Chief Engineer, PWD, S. Ranganathan, Secretary, Cauvery Delta Farmers Welfare Association, MLAs Durai Chandrasekaran and Mahesh Krishnaswamy, were present.

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### **Cluster bean cultivation rewarding for farmers**

Praveen Paul Joseph

*Agro-climatic conditions said to be conducive for this crop*

Tuticorin: Cluster bean, a warm-season crop highly adaptable to regions with low rainfall

and high temperature, such as Vilathikulam block in Tuticorin district, was being grown not only for seed purpose but for feed to goats, said S. Raja Mohamed, Assistant Director (Horticulture), Vilathikulam block, Tuticorin district.

Cluster bean, (*Cyamopsis tetragonaloba*) was being grown extensively in about 50 hectares now, as against 20 hectares during 2008-09, in villages such as Poosanur, Kottanatham, Shengappadai, Vedapatti, Virusampatti, A. Kumarapuram, Karisalkulam, Ayyan Pommaiyapuram, Guruvarpatti and Kodankipatti during summer.

It was being cultivated on a buy-back method under contract farming. About 30 farmers were engaged in these contract farming activities directly, besides providing employment opportunities to agricultural labourers during the lean period of summer. It was being grown for use as seed, he told The Hindu, here on Sunday.

A hardy crop

“Cluster bean is a very hardy crop and withstands very high temperature as well as severe drought conditions. These conducive agro-climatic conditions encourage cluster bean cultivation.

The probable origin for this crop is West Africa and India. In certain types, the seeds are used for preparation of gum and such types are not suitable for use as a vegetable. It can adapt to all types of soils and tolerates alkaline soil. It thrives best in sandy loam. Water requirement for cluster bean is very minimum. Being a short duration crop, it is advised for raising during summer,” Mr. Mohamed said.

About five kg of seeds were given to a farmer to cultivate one acre by the seed supplier. The yield for an acre in 90 days was about 350 to 400 kg of seeds, leaving behind about 400 kg of dried opened pods and dried plants.

Dried pods as feed

Dried pods and plants were used as feed to sheep and goats, and farmers claim that it helped in increasing the weight of the animals, he said.

T. Vijayaram, a contract farmer of Guruvarpatti, said, “I have cultivated two acres of this

type of cluster bean on a “buy back” arrangement with a company in Sattur area. I got about 350 kg of seeds from an acre and sold it at Rs. 50 a kg.

It fetched me Rs. 17,500 per acre. I also gained Rs. 10, 000 through sale of 40 bags of dried pods and plants. I used to leave my land fallow previously.

But now I have something worthwhile to do during summer, a lean period for agriculture.” Cluster bean seeds procured on contract farming from these villages were sent to Gujarat and other States for seed farming and for preparation of gum, sources from a seed supplying company said.

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### **Farmers learn modern agricultural practices**



**GOING HI-TECH:Farmers of Vilathikulam block in Tuticorin district participating in a training programme.**

Tuticorin: Farmers of Vilathikulam block in Tuticorin district were acquainted with advanced farming practices through capacity building, a special training programme organised by the Department of Agriculture under Agriculture Technology Management Agency (ATMA).

A two-day training programme was conducted at the panchayat union campus of Vilathikulam block which came to a close on Saturday evening.

C. Seenivasan, Assistant Director (Agriculture), Vilathikulam, said such training was given to Farmers Interested Groups (FIG) to equip them with advanced technologies not only in agriculture but also in horticulture, fisheries and agriculture engineering.

Two groups of FIGs, belonging to Sivangnapuram and Veladipatti, each consisting of 20 farmers, including women, were trained at a cost of Rs. 5,000 per group.

Demonstrations on fertilizer application through 'fertilizer broadcaster machine,' usage of seed bins and bio-fertilizer application were also conducted. R. Mohan, Agricultural officer, Vilathikulam, assisted in the demonstrations.

Using a laptop, S. Raja Mohamed, Assistant Director (Horticulture), Vilathikulam block, explained modern practices such as precision farming, drip irrigation, fertigation, alternate cropping for cluster beans and bitter gourd cultivation during summer and high-yielding varieties of chillies such as PKM-1, rejuvenation of unproductive amla trees.

"The success of these practices, being followed by progressive farmers in Tamil Nadu and other States, were explained to them. Whenever I come across success stories of farmers, I save them on compact discs to disseminate such information at training programmes to create an awareness among farmers and villagers," Mr. Mohamed said.

Right from developing land, laying drip irrigation facility and fertigation all features were highlighted.

Mr. Mohamed also urged the farmers to avail the attractive subsidy of 65 per cent for horticultural crops, including vegetables, chillies, sapota, amla, papaya, being offered by the Department of Horticulture.

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**Inflation a major worry for policy makers**

*Strong growth has impelled demand side pressures*

In its recent review of monetary policy, the Reserve Bank of India has listed high inflation as its foremost concern. Even as food price inflation and, more generally, consumer price inflation are showing some moderation, they are still in double digits. Non-food inflation is on the rise and demand side pressures are clearly evident.

Economic growth, however, is getting consolidated fast in India and is becoming broad-based. In fact there are increasing concerns over capacity constraints emerging in a wide range of sectors. The RBI puts it succinctly: "With growth taking firm hold, the balance of policy stance has to shift decisively to containing inflation and anchoring inflationary expectations." Amplifying that policy stance, the RBI makes the following points.

WPI inflation has been in double digits since February. Headline inflation was 10.6 per cent in June 2010. This was higher than the 10.2 per cent recorded in May. Inflation figures for March and April were revised upwards. There is a strong possibility that the revised data for May and June will reveal higher inflation than earlier estimates showed.

Second, price rise in primary food articles continues to be in double digits. Non-food manufactured products inflation (which has a substantial 52.2 per cent weight) has risen from (-) 0.4 per cent to 7.3 per cent. Non-food items inflation (WPI excluding food products and food articles), which was near zero in November 2009, rose sharply to 10.6 per cent in June. Significantly non-food items contributed over 70 per cent to WPI inflation. This suggests that inflation has become much more generalised.

#### Baseline projection

Three, despite some moderation, consumer price inflation remains in double digits. The central bank's baseline projection for WPI inflation for March 2011 has been raised to 6 per cent from the 5.5 per cent indicated in the April policy statement. A number of developments since April have influenced the RBI. There has been an increase in prices of many administered/regulated items. Petroleum products, for long subject to administered prices, have been partially deregulated. The immediate impact will be about one percentage point rise in WPI inflation, assuming global oil prices remain stable.

The near term outlook for inflation will be conditioned by a number of factors. The spatial and temporal distribution of rainfall in the remaining period of the south-west monsoon is one critical factor. A good kharif harvest will dampen inflation over the short-term. Other important factors that have a bearing on inflation are the levels of oil and other commodity prices globally. Idle global capacity in a number of sectors can facilitate imports at competitive prices. However, strong growth in India has pushed up demand side pressures.

Growth revised to 8.5 %

The RBI has revised its growth projection for the current year to 8.5 per cent, up from the 8 per cent with an upward bias indicated in the April policy statement. This is in line with all recent official forecasts. The Prime Minister's Economic Advisory Council had just a few days earlier forecast an identical growth rate. According to the RBI, the main risks to growth will emanate from abroad. With weak recovery in the industrialised countries, the performance of countries such as India will be affected. A more significant risk is from a potential slowdown in capital inflows. India's current account deficit has widened. Robust domestic growth drivers have pushed up imports widening the trade deficit.

Capital inflows have played a crucial role in the balance of payments. If due to increased risk aversion capital inflows decline the comfortable buffer between inflows and current account deficit will be narrowed. Lower inflows may also constrain domestic investment, which is critical to achieving and sustaining high growth rates.

On the other hand, given that central banks in the advanced economies are likely to continue with accommodative monetary policies, flows to emerging markets in search of higher return may increase. Large capital inflows beyond the absorptive capacity of the domestic economy will however pose a challenge for monetary and exchange rate management.

C. R. L. NARASIMHAN

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August 1, 2010

## India develops 22 wheat varieties resistant to Ug99 disease



India, the world's second biggest wheat producer, has developed 22 wheat varieties, which are resistant to the deadly Ug99 fungal disease.

"During the course of our research we found that certain varieties developed by us were already resistant to this fungus. We have at least 22 varieties which are resistant to Ug99 disease," Karnal-based Directorate of Wheat Research (DWR) Project Director S. S. Singh told PTI.

Of 22 wheat varieties, some of the varieties such as DBW 17, PBW 550, and Lok 1 are being cultivated in wheat-growing states in India, which is a member of the U.S.-based Borlaug Global Rust Initiative to combat Ug99 disease globally, he said.

Ug99, a fungal disease originated in Uganda in 1999, belongs to a race of black stem rust, which brings 100 per cent crop loss unlike other rusts that partially affect the yield.

Mr. Singh said, "India realised that it has already developed strain of wheat varieties



resistant to Ug99 after we started working on a global campaign for combating Ug99 under an agreement with the U.S.-based Borlaug Global Rust Initiative.”

Interestingly, 22 wheat varieties developed by Indian scientists are also being cultivated in other member nations, he said.

Asked if there was any threat of fungal disease in India, Singh said, “At present, there is no threat to India as many of the 22 wheat varieties resistant to Ug99 are already under cultivation in several parts of the country especially in Punjab and Haryana.”

At present, Ug99 disease is spreading across Africa, Asia and the Middle East, which is a cause of major due to large number of people being dependent on wheat for sustenance.

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## THE ECONOMIC TIMES

### **Premium tea prices soar**

2 Aug 2010, 0030 hrs IST, Sutanuka Ghosal, ET Bureau

KOLKATA: Get ready to pay more for your cuppa if you are a connoisseur of premium tea. The prices of high-end varieties are set to go up by Rs 15-20 per kg at the retail end as the supply of quality ‘first flush’ Assam tea has gone down significantly due to heavy rains and a pest attack.

Some packeteers like Dhunseri Tea and Girnar have decided to step up packet tea prices by 7-10% while others like Goodricke Group and Jay Shree Tea & Industries are in a ‘wait and watch’ mode.

Talking to ET, Mr Harendra Shah, chairman of the Federation of All India Tea Traders Association, said: “Premium tea prices have gone up substantially at the auctions.

Therefore, we feel that quality tea price would shot up to Rs 300 per kg from Rs 280 per kg. Therefore, at the retail end consumers too will have to pay more.” Mr Shah is also the director of Girnar Food & Beverages.

Incidentally, the tea industry has lost about 6 million kg in June and most of the estates in Assam have lost 25-40% crop in the first week of July due to erratic weather and pest attack.


Mr CK Dhanuka, chairman of Dhunseri Tea, said: “We will have to hike prices of our packet teas by 7-10% shortly as auction prices have gone up.” Dhunseri Tea sells packet tea primarily in Rajasthan. It markets its tea under the brand names Lal Ghora, Kala Ghora and Chhote Lal.

The tea industry watchers say everyone is waiting for the major packeteers such as Tata Tea and Hindustan Unilever to take a call on revising packet tea prices. “Once these two packeteers hike prices, others will accordingly take steps,” said a tea industry veteran.

Goodricke Group, on the other hand, is looking at blending medium and “upper medium” types of teas with premium teas to keep the cost under control. “If we suddenly increase price of packet teas, then our sales may take a hit. We don’t want to do that,” said Mr AN Singh, MD & CEO of Goodricke Group.

Jay Shree Tea & Industries has decided to wait for the time being. “If the second flush tea production is affected, we may have to think about a price rise. But as of now we are watching how the market behaves,” said Mr DP Maheshwari, MD of Jay Shree Tea & Industries.

And the heavy rains are interrupting efforts at controlling the pest. A planter said he scarcely found a rain-free period when the plants could be sprayed with pesticides. More often than not, he said, there would be a downpour soon after the spraying, making the exercise redundant.

 Mon,02 Aug 2010

## Weather

Chennai - INDIA

### Today's Weather



Partly Cloudy

#### Monday, Aug 2

Max Min

35.8° | 26°

Rain: 00 mm in 24hrs

Sunrise: 05:54

Humidity: 84%

Sunset: 18:36

Wind: Normal

Barometer: 1006.0

### Tomorrow's Forecast



Cloudy

#### Tuesday, Aug 3

Max Min

36° | 25°

### Extended Forecast for a week

Wednesday

Thursday

Friday

Saturday

Sunday

Aug 4

Aug 5

Aug 6

Aug 7

Aug 8



33° | 27°

33° | 27°

34° | 27°

34° | 27°

34° | 27°

Rainy

Rainy

Rainy

Rainy

Rainy

# THE HINDU Business Line

Business Daily from THE HINDU group of publications

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Why pulses prices are ruling higher at the retail level

<b>Supply chain/value chain</b>				
<b>Pulses</b>	<b>CIF \$/tonne</b>	<b>Whole Rs/tonne</b>	<b>Dal Rs/tonne</b>	<b>Retail Rs/kg</b>
<b>Arhar/Tur</b>				
June/July 2010	650/900	35,000	55,000	70-80
June/July 2009	1100	50,000	70,000	85-95
<b>Moong</b>				
June/July 2010	950-1000	60,000	70,000	90-100
June/July 2009	840	40,000	50,000	75-80
<b>Urad</b>				
June/July 2010	1000-1150	55,000	65,000	90-95
June/July 2009	650-750	30,000	40,000	70-80
<b>Yellow peas</b>				
June/July 2010	310-325	16,000	23,000	40-45
June/July 2009	320-340	15,500	22,000	40-45

G. Chandrashekar

Mumbai, Aug. 1

At Rs 45 a kg, imported yellow pea is the cheapest pulse on the kirana shop shelf.

Its landed cost is Rs 16 a kg (Rs 16,000 a tonne) and processing adds another Rs 6 a kg (Rs 6,000/tonne). Yet, by the time it reaches the shelf of your neighbourhood kirana shop or the supermarket, the price is double the wholesale rate. Retailers, it would seem, make as much money as the primary producer (grower).

As prices of essential commodities soar, the Government claims helplessness citing such reasons as domestic shortage and high international prices. But, it does not seem to be looking at what is going on in the marketplace in its own backyard.

For, as market participants assert, retailers are quick to raise prices when the wholesale rate moves up but seldom reduce prices with the same alacrity when wholesale rates drop.

An essential food commodity of mass consumption, pulses prices have been of grave concern for the Government and consumers alike the last two years. Official measures such as ban on exports, zero-duty imports, storage control, subsidised imports through public sector trading enterprises and so on have yielded little.

Sharp hikes in the minimum support price for various pulses have surely raised the bar.

Other contributory factors include brokerage (at multiple points), produce market cess (APMC), costs of transport, storage and handling as well as dal milling expenses.

<b>Increase in Pulses MSP</b>				
				(Rs/tonne)
<b>Crop</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
Arhar/Tur	15,900	20,000	23,000	30,000
Moong	17,400	25,200	27,600	31,700
Urad	17,400	25,200	25,200	29,000

Source: Ministry of Agriculture, Government of India)

There is then the question of sentiment. Shortages usually result in speculative trading. There is also cash and carry arbitrage. Wholesale price movements usually reflect the market sentiment.

Despite all this, pulses prices ought to have been lower than the current levels by about a fifth. But, they are not and the retail segment may be the reason. There has always been a marked difference between the factory-gate prices of dal (split pulses) and the retail rates, but in the last two years, the gap has widened. Retail margins are a high 20-30 per cent.

While the wholesale market is quick to respond to changes in market conditions (say, in international prices or domestic output), retailers are often loathe to changing the consumer price tags.

Also, the pulses supply chain is far from efficient. There are too many intermediaries, though adding little value. At the retail end, there is enormous profit to be made by simply ignoring changes in the wholesale market and sticking to the same (usually higher) price until stocks last or consumers stop buying.

Well-to-do consumers complain but do not stop buying.

Does this call for a stricter monitoring of the retail trade? Should restrictions be imposed on storage and trade margins?

The jury is out on that, but surely, if retailers work on reasonable margins, pulses prices can be lower by at least 20 per cent from the current levels.

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## Bears pull down pepper prices

G K Nair

Kochi, Aug 1

Pepper futures, from mid-week, was influenced by bearish sentiments and the market dropped by the weekend.

Also, there wasn't enough material to offer to the overseas markets as the availability in the country is almost squeezed.

Upcountry stockists earlier bought large quantities of pepper anticipating that the prices will shoot up. Hence, much of the pepper available now is with the exchange.

Tight availability

However, prices here shot up on tight availability, following good buying support by stockists based in North India.

In the international market, prices for Asta grade pepper ruled above \$4,200 a tonne for some time, implying that there was a squeeze in supply and that the recession had not affected the pepper trade.

August, September and October fell by Rs 937, Rs 927 and Rs 859 respectively to close at Rs 19,765, Rs 20,009 and Rs 20,280 a quintal.

Total turnover dropped by 5,920 tonnes to 1,64,282 tonnes.

Total open interest fell by 859 tonnes to 19,463 tonnes.

Spot pepper prices, in tandem with the futures market trend and lower offer by Karnataka, fell by Rs 500 to close at Rs 19,300 (ungarbled) and Rs 19,800 (MG 1) a quintal.

According to the International Pepper Community (IPC), the black pepper market, in general, had a mixed response last week.

Local prices in Brazil, India and Malaysia have increased, while in Indonesia and Vietnam some corrections took place during the week .

In India, prices were volatile with an increasing tendency in spot as well as f.o.b price. Futures prices however, were relatively stable when compared with the average price in the previous week. Trading at the Commodity Exchange remained active, particularly for August and September contracts.

In Lampung, local prices were reportedly declined, following the increase in arrival from the current crop. The harvest in Lampung is still in progress. Due to prevailing rains, harvesting is expected to prolong till August.

In Vietnam, local prices decreased, while f.o.b prices were stable. In Sri Lanka, pepper price at growing areas decreased by 1 per cent.

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## **Copra price hike to stay till mid-Aug**

Our Correspondent

Erode, Aug 1

“The prices of Copra have started increasing every week, but the hike will be experienced till middle of August,” says traders at Avalpoondurai, Erode district.

In the Avalpoondurai Regulated Market, copra auction was conducted on Friday and from morning to evening, good demand for the fine variety was seen. The fine variety copra fetched Rs 36.50 to Rs 38.60 a kilogramme, which is Rs 2.65 a kilogramme higher than last week's price. Many bulk buyers from all over Tamilnadu attended the auction and two or three big bulk purchasers quoted high price for the commodity.

The second variety also showed increase in price. It was sold at Rs 33.65-36.35 a kilogramme, which is Rs 1.20 a kilogramme higher than last week's price.

All the 2400 quintals of copra produced for sale were sold in the auction. Of this, 80 per cent of the goods were fine variety copra and contains high oil content.

Because of the increased price, the Regulated Market authorities feel that during the next week more quantity of copra would be produced for sale in the market.

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### **Quality teas firm, others unsold at Coonoor auction**

P.S. Sundar

Coonoor, Aug. 1

Quality brighter liquoring teas remained firm at Sale No: 30 of the auctions of Coonoor Tea Trade Association on Friday.

In all, 69 marks of CTC teas from bought-leaf factories fetched Rs 100 and more against 53 marks last week. "Our Super Red Dust (SRD) topped among all CTC leaf and dust teas fetching Rs 150 a kg. Totally, 5 of our grades got Rs 125 and more," Mr Prashant Menon, Managing Partner, Homedale Tea Factory, told Business Line. "Our Broken Orange Pekoe Fanning (BOPF) topped leaf market fetching Rs 148. Totally, 12 of our marks got Rs 100 and more," Mr Dinesh Raju, Darmona Managing Partner, said. Shanthi Supreme and Professor got Rs 145 each, Deepika Supreme and Vigneshwar Estate Rs 141 each, Hittakkal Estate Rs 138 and Kannavarai Estate Rs 137.

Among orthodox teas from corporate sector, Curzon got Rs 180, Thaishola (Rs 153), Corsley (Rs 150), Kairbetta and Havukal Rs 148 each, Quinshola clonal Rs 146.50, Katary Rs 144.50 and Coonoor Tea Rs 144. In all, 19 marks got Rs 100 and more.



Teas worth Rs 3.48 crore remained unsold with as much as 40 per cent of the 16.92 lakh kg on offer withdrawn for want of buyers.

About 45 per cent of leaf and 35 per cent of dust remained unsold.

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### **AP hopes to reap bumper grains output**

*Kharif acreage up on surplus rains.*

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*All the major crops, paddy, cotton, groundnut and redgram, fared better than the season averages.*

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K.V Kurmanath

Hyderabad, Aug. 1

With the State receiving 27 per cent more rainfall than the average, farmers in Andhra Pradesh have crossed the season's normal sown area by 13 percentage points in the kharif season. The latest figures put the total cropped area at 53.33 lakh hectares, as against the as-on-date normal area of 47.19 lakh ha, and the season normal of 78.23 lakh ha.

This is far higher than than 39.41 lakh ha in 2008 and 34.37 lakh ha in 2009.

The State, which witnessed a combination of drought and floods last year, hopes to reach the bumper food grain production of 204 lakh tonnes it achieved in 2008. Last year, production plummeted to 153 lakh tonnes.

The spread of rains is uniform in all the three regions - coastal, Rayalaseema and

Telangana districts.

Rice bowl districts

The only concern, however, is that East and West Godavari districts and Krishna, considered to be the rice bowl of Andhra Pradesh, recorded discouraging levels of sowing areas. The area sown in West Godavari is at 75,511 ha as against the average of 1.45 lakh ha, registering just 57 per cent of the average, according to the data available with the Ministry of Agriculture.

The figures for East Godavari and Krishna (with averages in the bracket) are — 99,359 ha (1.75 lakh ha) and 1.21 lakh ha (1.59 lakh ha).

All the major crops, paddy, cotton, groundnut and redgram, fared better than the season averages. In the case of paddy, the area sown is 5.68 lakh ha (as on date average of 6.13 lakh ha).

The average of total area, however, is 25 lakh ha for the season. While redgram is sown in 4.56 lakh ha (3.02 lakh ha as on date average), cotton 15.17 lakh ha (9.91 lakh ha) and groundnut in 11.69 lakh ha (10.52 lakh ha). Maize, ragi, minor millets and sugarcane are sown less than the normal area.

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**Cocoa demand, area set to increase**

*FOCUS COCOA.*



Originated in South America to the east of the Andes, cocoa is an important cash crop providing livelihood to 40-50 million people. It is grown in more than 50 countries with the production of 3.53 million tonnes. Africa has been and is projected to remain the principal cocoa producer with 70 per cent market share followed by Asia and Oceania (19 per cent) and Latin America (11 per cent). The aggregate growth in production is forecast at 6 per cent from 2009-10 to 2012-13. Major cocoa producing countries are Cote d'Ivoire, Ghana, Indonesia, Nigeria and Cameroon, contributing 81 per cent to the world production. The vast majority of cocoa comes from family-run small farms, which are often confronted with outdated farming practices and limited organisational leverage. It is estimated that there are 5-6 million cocoa farmers worldwide and in Africa and Asia, a typical farm covers 2-5 hectares.

Cocoa bean is the primary raw material for confectioneries, beverages, chocolates and other edible products. It is among key 'bean and nut commodities' traded on London International Financial Futures & Options Exchange (LIFFE) and Intercontinental Exchange (ICE), London and is unique amongst soft commodities in its links to two currencies – pound and dollar; thereby, offers an active arbitrage market to traders. World trade of cocoa is tracked not only by flow of cocoa beans but also by its semi-finished products. In general, import patterns of grindings from cocoa beans provide an overall view of demand relative to supply. According to Global Trade Atlas, which tracks cocoa and semi-finished products import data, the Netherlands leads in imports of beans; the US, with significant production of complementary food products, leads in imports of powder and the UK, one of the biggest per capita chocolate consumption markets, leads in retail chocolate.

With a steady increase in demand from consumers worldwide, over the past five years, the price of cocoa has increased, spiking in 2008, moderately decreasing in January 2010, and most recently rising to the highest in 30 years at £2,312-3,625/tonne. Cocoa prices are affected by various factors, including stock/grind ratios, expectations for future production/demand, global food prices, and consolidation/fragmentation in cocoa trade and processing industries. These facets generally set the tone for long-term trends in cocoa prices while trading by investment funds tends to drive movement in short term.

## Indian Overview

Cocoa gained its entry into India in the early half of the 20th century. Administratively, it is conferred plantation status such as coffee, tea and rubber but is seldom recognised as a plantation crop under the Indian Agrarian Administrative Sector. Majority of Indian farmers cultivate cocoa as an intercrop in coconut and areca nut gardens. The total area under cultivation was 34,000 hectares in 2008-09 and is cultivated mainly in Kerala, Karnataka, Tamil Nadu and Andhra Pradesh. Kerala is the leading cocoa producing State contributing to 78 per cent production.

With a meagre production of 0.12 lakh tonnes, India hardly participates in the international export trade as majority of the production is consumed by the two major cocoa processing companies. Indian chocolate market is ruled by Cadbury with a lion's share 70 per cent followed by Nestle. India imports 45-50 per cent of its total demand. The annual cocoa import to the country was 7,026 tonnes in 2008-09, but this year, it is expected to go upwards of 10,000 tonnes.

According to Cadbury's India forecast, cocoa demand is growing by about 15 per cent annually and will reach nearly 30,000 tonnes in the next five years. Cocoa prices are on a roll with chocolate makers scrambling for Indian cocoa in the wake of lower global production, import duty of 30 per cent and increasing transportation costs deterring imports. In the last two years, cocoa prices have almost doubled climbing a 15-year high, to Rs 175 a kg.

Good returns in the past few years from cocoa farming have helped in reviving interest in cultivation of this lucrative cash crop in south India. According to officials of the Directorate

of Cashew and Cocoa Development (DACCD), with the government increasing the subsidy for cocoa farming by almost Rs 10,000 for a hectare from April 1, 2010, the area under cocoa is likely to increase by 30-40 per cent in the next two years. Last year, around 600 hectares came under cocoa in Tamil Nadu and 1,800 ha in Karnataka. DACCD plans to bring another 75,000 hectares under cocoa cultivation in the next five years. Focus of the cocoa crop expansion programme will be Andhra Pradesh, Tamil Nadu and Karnataka, with the Directorate spending Rs 77 crore under the 11th Plan. To secure good quality raw material in the long run, private players are encouraging cocoa cultivation. Cadbury India's Cocoa Department produces over 2.5 million hybrid seedlings annually and distributes them among farmers. India had indeed the potential to gain self-sufficiency in Cocoa. It needs to revolutionise its cocoa production by implementing multidimensional and sustainable solutions in public-private partnership.

Source: YES Bank

These will include bringing in more area under cocoa production and raising and sustaining the yield to World average level of about 1 tonne/hectare from the existing 300 kg/hectare by adopting of input intensive cultivation practices and taking measures for sustainable production such as development and distribution high yielding, pest, diseases and drought-resistant varieties of cocoa, promulgation of INM & IPM methods and rejuvenation of senile gardens. It is estimated that if only 20 per cent of Indian farmers plant cocoa, it is expected to increase the country's production of the beans from 11,800 tonnes to ambitious 1,50,000 tonnes a year or 3 per cent of global production by 2020.

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