

## **Organic farming a success, says Pawar**

Sees its vital role not only in domestic markets but also global trade

“Organic farming can play a significant role not only in growing domestic markets but also in global food trade,” Union Agriculture Minister Sharad Pawar said here on Wednesday.

Addressing members of the Parliamentary Consultative Committee attached to his Ministry, Mr. Pawar said that in 2009-10 organic agriculture under certification had grown to 10.5-lakh hectares compared to 42,000 hectares during 2003-04. Of this, nearly 7.5-lakh hectares was fully certified while the remaining was under various stages of conversion.

Organic farming is not only an ideal option for rain-fed, marginal land and hilly areas but it also ensures increased availability of organic and biological nutrients for restoring soil health and conservation of resources.

### **Collective effort**

The Minister attributed the “good success” of organic farming to the “combined effect of farmers' efforts, NGOs, government interventions and market forces.”

The Agriculture Ministry is promoting organic farming through the National Project on Organic Farming, National Horticulture Mission, Technology Mission for North East and Rashtriya Krishi Vikas Yojana. An innovative certification system has been included in the National Project on Organic Farming from this year.

## ICAR project

The Indian Council of Agriculture Research (ICAR) has initiated an all-India network project on organic farming to ensure the development and promotion of scientifically proven methodologies.

State governments have also started their own organic farming promotion programmes. Karnataka, Kerala, Andhra Pradesh, Maharashtra, Madhya Pradesh, Nagaland, Sikkim, Mizoram and Uttarakhand have already drafted policies for organic farming promotion. Nagaland, Sikkim, Mizoram and Uttarakhand have declared their intention to go 100 per cent organic in due course of time.

Among the Members of Parliament who participated in the meeting was noted agriculture scientist M.S. Swaminathan.

**Date:07/08/2010 URL: <http://www.thehindu.com/2010/08/07/stories/2010080750450200.htm>**

---

## Sow maize, groundnut; sell gingelly

Staff Reporter

COIMBATORE: The Domestic and Export Market Intelligence Cell (DEMIC) of Tamil Nadu Agricultural University has forecast the sowing pattern for maize, groundnut, and gingelly in the Aadipattam.

According to a release from the cell, farmers of the State should sow maize in the Aadipattam. They should sow varieties/hybrids with bold grains to fetch better price. If the approximate number of 100 gm of maize grain is less than 350, higher price could be received by farmers. The price of maize in July crossed Rs. 1,100 a quintal. The price for the Aadipattam sown crops is expected to be around Rs. 850 to 950 a quintal. This is expected to come to the market in October-December.

The release said farmers should sow groundnut with proper seed treatment and by providing irrigation at the time of flowering and pod formation.

The area under groundnut is estimated to be stable and yield prospects are expected to be good.

In spite of huge stocks and import of oil, usage of nearly 10 lakh tonnes will be for table purpose. Limited stock and demand in the festive season would fix the price of groundnut between Rs. 2,900 and Rs. 3,200 a quintal during September to December.

Price

Gingelly farmers are asked to sell their stocks now. The harvest price of red gingelly between September and December will be Rs. 37 to Rs. 40 a kg, and white gingelly will be around Rs. 48 to Rs. 50 a kg.

**Date:07/08/2010 URL: <http://www.thehindu.com/2010/08/07/stories/2010080751820300.htm>**

---

### **Special medical camp for livestock**

DHARMAPURI: Collector P. Amutha inaugurated a special medical camp for livestock at Naikanalli Jambukalankottai village on Wednesday.

Ms. Amutha said that the Department of Animal Husbandry has organised 119 medical camps for the livestock across the district.

**Date:07/08/2010 URL: <http://www.thehindu.com/2010/08/07/stories/2010080763380600.htm>**

---

### **Farmers briefed on organic farming**

Staff Reporter

*Experts at workshop explain various techniques on bio-friendly cultivation and profitability*



**sensitisation: P. Neelanarayanan, assistant professor, Nehru Memorial College, explaining the vermi compost manufacturing techniques to farmers.**

TIRUCHI: Sensitising farmers to the methods of bio-friendly cultivation was the purpose of the three-day workshop on 'Eco-friendly Organic Farming Practices for Farmers,' that culminated at the Nehru Memorial College, Puthanampatti, on Monday.

The 60 participating farmers from Tiruchi, Perambalur, Ariyalur, Salem, Namakkal, Pudukkottai and Madurai districts were able to complement their understanding on eco-friendly farming with the know-how of profitability in raising organic crops.

Experts explained how fertilisers harm internal organs and cause incurable diseases.

Farmers learnt the methods of manufacturing inputs like vermin-compost, Vermiwash, 'Panchakavya', 'Navakavya', 'Meen Karaisal' and lemon-egg 'Karaisal' and their application techniques on the crops at the college's farm.

The workshop sponsored by the Tamil Nadu State Council for Science and Technology also exposed the farmers to the concepts of optimum utilisation of water for irrigation, recycling waste water and bio-control of rodent pests with barn owl, said C.Sasikumar, Assistant Professor of Botany, and P.Neelanarayanan, Assistant Professor of Zoology, the joint coordinators of the programme.

Nature scientist K.Nammazhwar wanted the youths in villages who tend to migrate to urban areas citing losses incurred by the preceding agricultural generation to remain back with the

realisation that organic farming holds the key to profitability. Delivering the key note address at the inaugural session, Mr. Nammazhwar said that youths must assume the responsibility for addressing the twin problems of global warming and food scarcity.

According to M.Ponnambalam, President of the College Educational Agency, who inaugurated the workshop, and Pon. Sivaneswari, secretary, the fertility endowed to soil by nature should be prevented from getting spoilt due to application of fertilisers and pesticides. Principal K.Ramasami urged the farming community to adore and respect earth.

Pon.Balasubramanian, President of the College Committee, requested the participants to set a trend by raising organic crops in their respective villages.

During the course of the workshop, N.Gopalakrishnan, an organic farmer based at Panikkampatti, Karur, shared his best practices in organic farming with the participants. College secretary Pon. Ravichandran, distributed certificates to participants.

Published: August 6, 2010 14:20 IST | Updated: August 6, 2010 14:20 IST Berhampur (Orissa), August 6, 2010

### **Kharif operation gains momentum in coastal Orissa**



THE HINDU A farmer ploughs his field in preparation of the Khariff crop on the outskirts of Berhampur. File photo: Lingaraj Panda

Kharif operation in coastal Orissa has gained momentum with incessant rains, which eluded the farmers last month.

The low pressure induced rains for the last three days have brought cheer to the farming community, particularly for those in the coastal districts, said Director of Agriculture Babaji Giri.

The agriculture operation was going on in full swing in these districts including Ganjam, he said.

However, some western Orissa districts like Sambalpur are still grappling with deficient rainfall, he said.

Now there is no problem for coastal districts of the state, said Mr. Giri, who was here to attend the review meeting on the kharif operation in 10 southern Orissa districts.

The agriculture officers of Ganjam, Gajapati, Kandhamal, Boudh, Koraput, Rayagada, Nabarangapur, Kalahandi, Nuapada and Malkanagiri attended in the meeting.

Despite an overall deficit of rainfall in the state so far, the Director of Agriculture said the situation was not too alarming and hoped target of kharif output of 7.46 million tones of foodgrains for this season would be met. The target of kharif production is included 6.30 million tones of paddy.

Published: August 5, 2010 17:40 IST | Updated: August 6, 2010 00:52 IST New Delhi, August 5, 2010

**Our steps curtailed food inflation: Pranab**



PTI TV grab shows Finance Minister Pranab Mukherjee speaking in the Rajya Sabha during the ongoing monsoon session in Parliament in New Delhi on Thursday. Prime Minister Manmohan Singh is also seen.

Finance Minister Pranab Mukherjee on Thursday countered the Opposition attack that the government's policies resulted in price rise and said the steps it took resulted in food inflation coming down.

Replying to the debate on the motion on price rise, he said additional revenue measures were also taken to bring down the fiscal deficit and keep the economy in a better shape.

### **Elders adopt motion**

The Rajya Sabha later unanimously adopted the motion: "This House takes a considered view of inflation and urges the government to take further effective action to contain its [inflation] impact on common man." The Lok Sabha adopted a similar motion on Wednesday.

Recalling the economic situation since the advent of the global crisis in 2008 and its effect on economies including India, Mr. Mukherjee said countries decided to inject a stimulus package as part of fiscal expansion, with India spending Rs. 18,60,000 crore or nearly three per cent of the GDP (Gross Domestic Product) which led to inflationary pressures. The problem was compounded by volatility in the energy sector with petroleum prices touching \$ 142 a barrel in June 2008.

Besides, there was an impact on the prices of food items with kharif production falling by 15 million tonnes. The country faced a perpetual shortage of five per cent of the pulses requirement and 15 per cent of edible oils. Attempts to bridge the gap with imports did not yield the desired benefits.

### **PDS woes**

The government's effort was to insulate the poor and vulnerable sections from the effects of high prices by providing foodgrains through the public distribution system. But unfortunately it did not happen in the absence of a proper PDS.

Mr. Mukherjee, however, ruled out the possibility of a universal PDS, stating that even in the present targeted system, States were unable to ensure proper delivery. They should decentralise the system to the panchayat level. The Centre was awaiting the report of the Standing Committee of Chief Ministers on the issue.

In this context, he said, the country required a collective concept of cooperative federalism so that effective delivery systems were put on the ground.

Praising the National Democratic Alliance government for doing away with the administrative price mechanism for oil, he said it resulted in a boom in investment in the sector.

As for the hike in the prices of petroleum products, he said that while there was a revenue angle the move was also aimed at bridging the revenue deficit and keeping the economy healthy.

Recalling the 1990 instance of the country pledging gold for a loan, Mr. Mukherjee said he would not like any Finance Minister facing such a situation or being made to wait by his counterpart in another country.

Appealing to all sections of the House to discuss with their States the Goods and Services Tax, Mr. Mukherjee allayed the fears that the Centre would usurp their powers through a veto provision, stating he did not wish to be a "Super Finance Minister."

### **Concerns remain: Jaitley**

Winding up the debate on the motion he initiated, Leader of the Opposition Arun Jaitley said the Minister's reply addressed neither the concerns nor the disappointment of the Opposition.





Indo-Asian News Service

Chennai, August 06, 2010

First Published: 18:40 IST(6/8/2010)

Last Updated: 18:43 IST(6/8/2010)

## Food prices to ease with rains, says RBI Deputy Governor

The Reserve Bank of India (RBI) has taken measures to tackle inflation and expects food inflation to subside with good monsoon rains, a deputy governor of the central bank said on Friday.

"The call money rates have gone up and that is substantial tightening. We expect to see the effect of our actions in the second half of the year. Actions act with a lag," Deputy Governor Subir Gokarn, who heads the monetary policy division, said here Friday.

He was speaking to reporters on the sidelines of a conference on financial inclusion organised by Union Bank of India and Great Lakes Institute of Management near here.

According to him, the RBI is trying to address the demand side pressures on inflation as the supply side pressures are easing.

He said RBI looked at the inflation drivers - food and commodity. While food inflation will moderate with good monsoon rains, the commodity prices, mainly energy, will remain soft.

Looking at them it suggests prices will remain soft at least till the end of this fiscal, Gokarn said.

According to him, some features of global economic scenario will help in managing inflation here. The condition in Europe and US showed uncertainty, which in turn may impact capital flows.

Gokarn said if the global growth is slow, commodity prices will soften and will help in managing domestic inflation.

<http://www.hindustantimes.com/StoryPage/Print/583134.aspx>

# Weather

Chennai - INDIA

## Today's Weather



Cloudy

Rain: 00 mm in 24hrs

Humidity: 75%

Wind: Normal

## Saturday, Aug 7

Max Min

34.0° | 26.4°

Sunrise: 05:55

Sunset: 18:34

Barometer: 1005.0

## Tomorrow's Forecast



Cloudy

## Sunday, Aug 8

Max Min

35° | 27°

## Extended Forecast for a week

Monday  
Aug 9



35° | 28°

Cloudy

Tuesday  
Aug 10



35° | 28°

Rainy

Wednesday  
Aug 11



34° | 28°

Rainy

Thursday  
Aug 12



33° | 28°

Rainy

Friday  
Aug 13



31° | 28°

Rainy

# Business Standard

Saturday, Aug 07, 2010

## Wheat rises, food shares fall on Russia export ban

Reuters / Moscow/ Singapore August 07, 2010, 0:07 IST

Wheat prices surged to a two-year high while shares in European brewers and food producers fell on Friday as markets reacted to the sudden imposition of a ban on grain exports from drought-hit Russia.

Russian Prime Minister Vladimir Putin moved decisively on Thursday to halt exports of grain and flour from August 15 to the end of the year and the country's railroad monopoly said on Friday it will stop loading grain for export from Saturday.

The speed of the move shocked Russia's Grain Union, the country's main industry lobby, which pleaded with the government on Friday to delay the ban until September 1.

Russia had been the world's third largest wheat exporter last year but is set to slide down the table this season with the worst drought in more than 100 years devastating crops.

"Effectively, a big chunk of the global market is off-line — there's going to be something like 5 million tonnes that aren't going to be available for export," said Matthew Kaleel, a commodities specialist at fund manager H3 Global in Sydney.

Shares in Danish brewer Carlsberg, which faces a sharp rise in input costs, lost 4.5 per cent, while food companies such as Nestle and Danone also saw their shares decline in value.

Wheat futures on the Chicago Board of Trade rose to a peak of \$8.41 a bushel, the highest level in about two years with prices nearly doubling since early June.

The rise has revived memories of the surge in prices in early 2008, when US wheat rose above \$13 a bushel, which helped to fuel food inflation and led to rioting in many countries across the world.

Analysts, however, downplayed the link, adding that world stocks have grown steeply during

the last couple of years which saw the two biggest wheat crops in history.

“Stocks are close to 50 per cent higher today (than they were during the last price spike in early 2008). You had a completely different scenario then,” said Barclays Capital analyst Sudakshina Unnikrishnan.

Persistent high prices could, however, drive fear of food inflation in key buyers such as Indonesia and the Philippines.

“If prices remain elevated for a sustained period, then the probability of upward adjustment in retail price of wheat and its derivatives goes up,” Barclays Capital said in a report.

“However, food prices tend to be politically sensitive, so we can expect some action from Asian governments,” it added.

## THE ECONOMIC TIMES

### **Wheat prices may rally on Russian export ban**

7 Aug 2010, 0033 hrs IST, Bloomberg

CHICAGO: Wheat prices may rally another 12% from a 23-month high as a Russian ban on grain exports boost demand for stockpiles from the US, said Bob Young, the chief economist at the American Farm Bureau Federation. “This will rattle the markets for the next several months,” Mr Young said on Thursday by telephone from the Washington. “Most people thought Russia would use government inventories to complete export sales” rather than risk its reputation as a reliable supplier and lose market share, Mr Young said.

Grain output in Russia, the world’s third-largest grower, was reduced by the country’s worst drought in half a century. The government on Thursday announced a halt on outbound shipments from August 15 until December 31. Companies may cancel shipments of about

600,000 metric tonnes to Egypt, the world's biggest buyer, because of the ban, said Kirill Podolsky, the chief executive officer of Valars Group, Russia's third-largest grain trader.

Wheat for December delivery rose 59.75 cents, or 7.9%, to close at \$8.1525 a bushel on Thursday on the Chicago Board of Trade, after advancing by the CBOT's 60-cent limit to \$8.155, the highest level since August 2008. September futures rose the daily limit to \$7.8575. The price may jump another \$1 over the next few weeks, the American Farm Bureau's Young said. Wheat reached a record \$13.495 in February 2008, part of a surge in prices that sparked food riots from Haiti to Egypt.

Cargill, the largest US agricultural company, said on Thursday that trade barriers will only make supplies tighter. "The US wheat crop has been strong and world wheat stocks are higher than they were during the wheat price spikes in 2008," Mark Klein, a company spokesman, said in an e-mailed statement. "As we saw at that time, the implementation of any trade barriers as a result of lower yields and higher prices exacerbated supply problems."

Exports from the US, the world's largest shipper, rose 35% in the first nine weeks of the marketing year to 9.27 million tonnes from 6.87 million a year earlier, the US Department of Agriculture said on Thursday in a weekly report.

The rally in prices probably won't lead to the highs reached two years ago, the Farm Bureau's Young said. The USDA last month forecast a 50% jump in global stockpiles from a quarter-century low in 2008, and the department said July 9 that the US crop will be bigger than originally anticipated, raising its estimate 7.2% to 60.3 million tonnes. Domestic stockpiles will total 29.8 million tons in the year that ends in May, 12% more than a year earlier. The USDA will update its forecast on August 12.

Food costs advanced to records in 2008 as some exporters curbed shipments amid a shortage. While the United Nations' food-price index is 22% lower than its peak in June 2008, the gauge is 13% higher than a year ago.

"There is no reason to expect food riots this year," Young said. "We have the supply. The US

has always stood by its contracts and delivered grain during periods of shortages.” Global wheat production will drop 4% this year, mostly because the drought in Russia will reduce the country’s output by 21%, Informa Economics said on Thursday in a note to clients.

The worldwide crop will fall to 651.7 million tonnes from 679 million a year earlier, the Memphis, Tennessee-based agricultural researcher said. Combined production in 12 states of the former Soviet Union, including Ukraine, will fall 20% to 91.6 million from 113.8 million, Informa said.

“There is still a cushion, but the surplus is shrinking,” said Richard Feltes, the director of commodity research for MF Global Holdings in Chicago. “It’s not a crisis, but there is going to be greater urgency among buyers to increase forward purchases.” Russia needs more grain to prevent an increase in food costs and the liquidation of livestock herds and poultry, Feltes said.

Prime Minister Vladimir Putin said on Thursday that the ban is “appropriate” to contain domestic prices that gained 19% last week, after drought and record heat in central Russia and along the Volga River forced the government to declare a state of emergency in 28 crop-producing regions. He proposed that Kazakhstan and Belarus, Russia’s partners in a customs union, join the ban.

“There’s going to be some political gamesmanship going on behind closed doors,” after Putin asked its neighbors to join the embargo, Feltes said. “It would make sense for Russia to buy the grain from its neighbors” in exchange for maintaining good relations on sales of crude oil and natural gas, Feltes said.

### **Kerala takeover threat worries cashew industry**

7 Aug 2010, 0030 hrs IST,S Sanandakumar,ET Bureau

KOCHI: The promoters of cashew factories are a worried lot with the Kerala government considering a new legislation which allows it to take over the units.

The industry has appealed to the President to withhold the approval to an amendment bill — the Kerala Cashew Factory (Acquisition) Amendment Bill 2009 — that the Kerala government

has brought out. About 75% of the cashew kernels produced in the country is from Kerala-based processors. Of the cashew kernels produced in the state, 85% is by the privately-owned units. There are 750 cashew units in the state, employing nearly 4.5-5 lakh workers. The industry exported `1.08 lakh tonnes of cashew valued at `2,906 crore in 2009-10.

By introducing a new clause in the Cashew Factories Act, the state government has sought the takeover of units where workers are unemployed. The state government has, in the past, taken over a few units from the private sector. Some of these units have been returned to the owners following court orders.

Speaking to ET, Mr Shahal H Musaliar, chairman, Cashew Export Promotion Council, said the government has not defined unemployment in any way in the bill. "A unit can close down due to a variety of reasons," he said adding that the government can take over such units if the proposed bill is passed. The original Act in the mid-1970s had said unemployment should be widespread and that work should be denied for 15 days for takeover. "Such clauses are missing in the amendment," he said. The industry sees the proposed amendment to the original Act as a way to bypass or overturn earlier judgments by the courts, including the Supreme Court.

The industry sees the amendment as "vindictive". A large number of cashew units relocated to Kanyakumari district in Tamil Nadu and to Mangalore in Karnataka due to the ad-hoc policies followed by the state.

The industry points out that the promoters of the units will not carry out any modernisation measures investing money if the government is going to take over the units. The investments are necessary for these units to be competitive in the international market.

## THE HINDU Business Line

Business Daily from THE HINDU group of publications

Saturday, August 07, 2010

**Date:**07/08/2010 **URL:**

<http://www.thehindubusinessline.com/2010/08/07/stories/2010080753501800.htm>

---

## Rains, higher price drive cotton acreage to record

*Kharif sowing sees shift to pulses from oilseeds too.*

<b>Progress card</b>			
		(in lakh hectares)	
	<b>Normal*</b>	<b>2010</b>	<b>2009</b>
Rice	395.170	244.830	225.750
Coarse cereals	219.944	181.438	166.013
(a) Maize	68.654	67.972	65.048
(b) Bajra	91.523	75.902	64.164
(c) Jowar	35.984	25.988	26.433
Pulses	111.692	88.376	76.544
(a) Arhar	35.804	34.132	27.622
(b) Urad	24.611	16.984	15.998
(c) Moong	27.342	22.352	19.998
Oilseeds	173.100	153.204	150.757
(a) Groundnut	53.809	46.036	35.737
(b) Soyabean	83.999	89.723	93.680
(c) Sunflower	8.153	1.992	4.080
(d) Sesamum	15.147	10.501	12.590
(e) Castor	8.130	4.062	3.750
(f) Niger	3.863	0.890	0.920
Sugarcane	45.460	47.430	41.790
Cotton	93.940	103.365	94.590
Jute	8.080	7.555	6.920

\*Five-year average from 2004-05 to 2008-09

Our Bureau

New Delhi, Aug 6

Farmers have planted a record 103.365 lakh hectares (lh) under cotton so far this year.

During 2009-10, the total acreage was 103.29 lh, the first time it crossed the 100-lh mark. This time, with sowing still in progress in Tamil Nadu, the total area under cotton could well surpass 105 lh.

Bt coverage

Significantly, out of the total 103.365 lh of area planted till now, as much as 91.10 lh or



over 88 per cent has come under Bt cotton hybrids and varieties.

According to the Agriculture Ministry's latest sowing figures, cotton area has gone up from 33.30 lh (position at this time last year) to 39.22 lh in Maharashtra and from 10.26 lh to 15.96 lh in Andhra Pradesh (AP). Both these States have received excellent rains during the current monsoon season.

The progressive area sown is also higher in Punjab (5.59 lh versus 5.36 lh) and Karnataka (3.25 lh versus 2.68 lh), while being lower in Gujarat (25.08 lh versus 26.25 lh), Madhya Pradesh (6.40 lh versus 6.44 lh), Haryana (4.44 lh versus 5.07 lh) and Rajasthan (2.41 lh versus 4.44 lh).

## INSPIRATION

Farmers have this time been inspired to expand cotton plantings on account of good rainfall (especially in Maharashtra and AP) and also remunerative price prospects. With international prices currently ruling at around 87 cents a pound (as against 64 cents at this time last year), and the Centre expected to lift existing curbs on exports before the start of harvesting, farmers are hoping to benefit from their decision to plant more area under the crop.

The Agriculture Ministry's data also indicates significant shift in area this time from oilseeds to pulses because of more favourable price signals in the case of the latter.

## HIGHER COVERAGE

The progressive acreage under pulses is up almost 12 lakh hectares (lh) compared to the coverage during this period of last year. All the three major kharif pulses – arhar, urad and moong – have recorded higher acreages this time.

Oilseeds area in general is lower this year, with the only real increase taking place in groundnut – that too, mainly because of a rebound in AP (12.57 lh versus 4.57 lh). On the whole, the revival of the monsoon during July has resulted in higher acreages under most kharif crops, including rice, bajra and maize.

**Date:07/08/2010 URL:**

**<http://www.thehindubusinessline.com/2010/08/07/stories/2010080753201700.htm>**

---

## **Value buying lifts tur dal to Rs 6,100/qtl**

Our Correspondent

Indore, Aug. 6

Tur dal ( markewali) witnessed a correction on Friday with value buying at lower rate. Tur dal prices on Thursday had slipped to Rs 5,800 a quintal but on Friday prices surged ahead to Rs 6,100 a quintal with increased demand at lower rate.

According to a pulse mill owner, about 22-25 lakh bags of the stock are lying with the government agencies, stockists and farmers. Added to this, the hope of bumper crops in the coming season, in all likelihood, would lower its prices, he said.

Compared with tur, prices of other pulses remained static with chana dal quoting at Rs 2,600-Rs 2,625 a quintal, masur dal at Rs 3,725-Rs 3,750, moong dal at Rs 6,200-Rs 6,300 and urad dal at Rs 5,500-Rs 5,550.

In the past one month, prices of moong declined by Rs 18-20/kg, while that of masur dal witnessed a decline of Rs 4-5/kg. The stock limit on pulses imposed by the Union Government in 2008 is likely to be withdrawn in September, trade sources said.

Among the pulse seeds, chana remained static at Rs 2,200 to Rs 2,210 a quintal, masur quoted at Rs 3,300, (down Rs 25), new moong at Rs 4,800-Rs 5,000( a fall Rs 300), old moong at Rs 4,500-Rs 4,700 a drop Rs 100), tur at Rs 3,000-Rs 3,300 (unchanged) and urad quoted at Rs 4,800 (down Rs 300).

Date:07/08/2010 URL:

<http://www.thehindubusinessline.com/2010/08/07/stories/2010080750590800.htm>

---

**For more private farm players**

**Rajiv Kumar**

---

*Despite the fact that terms of trade have favoured agriculture over manufacturing since 1995, private investment has not been forthcoming. One of the reasons is the pervasive government presence. This should come down to make way for private players.*

---



The current opaque and extensive regulatory control regime generates considerable uncertainty for the investor.

Agriculture has emerged as the key constraint to achieving rapid growth and improving equity. It is also clear that while land, the principal productive asset, is almost entirely under private ownership, the sector is characterised by extensive government intervention and a visible lack of large-scale corporate investment.

As a result, the sector, except perhaps in the Punjab, Haryana and the Terai region of UP, remains backward. This is evident across the entire range of cultivation and irrigation practices, lack of use of new technology, non-existent back-end infrastructure and logistics, abysmal research generation and diffusion, and very low levels of processing of agro-output. No wonder, with 60 per cent of population, agriculture contributes a mere 17

per cent of the GDP.

This understanding must be behind the government's setting up of the Sub-Group on 'Enhancing Agriculture Production and Food Security' under the Prime Minister's Council on Trade and Industry.

#### TASK CUT OUT

Amidst the rather juvenile and self destructive hullabaloo around the Commonwealth Games, the meeting of this Sub-Group last week has gone unnoticed.

The Sub-Group's prime focus is to make policy recommendations for attracting greater private investment in agriculture. Surely, the real issue should not be to only attract private corporate investment but to examine the constraints that impede the inflow of private investment in agriculture.

Therefore, the Sub-Group would do well to focus on these few critical constraints and lay down a time-bound plan of action to address them. This will be quite different from enumerating the sub-sectors within agriculture where either private corporate investment is already present, or in which it can be potentially promoted.

This latter approach, which often characterises official reports and documents, tends to assume private investment simply waits for a signal from the government to move into a particular sector or activity. We know from long experience that in the case of private supply response this assumption is invalid.

#### INVESTMENT IN IRRIGATION

The private sector looks principally at the prospective rate of return on its investments in conditions where risks can be managed. As the accompanying chart shows, terms of trade have been favourable to agriculture relative to the manufacturing sector almost consistently since 1995. Unless wage costs were rising even more sharply, which did not happen, favourable movement in the terms of trade for agriculture products would demonstrate relatively higher potential rates of return on investment in agriculture. On this basis, Indian agriculture should have been attracting significant investment since the mid-

nineties.

Unfortunately, during the same period (1994-95 to 2008-09) investment in agriculture as a share in total national investment barely increased from 7.5 per cent to 8.4 per cent and that of private investment actually declined from 11.9 per cent in 1999-2000 to 6.4 per cent in 2007-08!

Clearly, there were some severe structural factors that negated the relative price advantage and constrained investment in the agriculture sector. It is evident that in irrigation, private investment has invariably gone for expanding the area under pump irrigation, using groundwater resources. Unfortunately, this has not been accompanied by sufficient public investment in recharging the aquifers and maintaining the underground reservoir.

This could not be expected from the private sector. With a dramatic drop in water tables and resultant hike in irrigation costs, and especially in the context of highly erratic electricity supplies which make farmers dependent on diesel, private investment in even this form of irrigation has not increased. Moreover, this has made a complete hash of the irrigation regime that has been adopted since the Green Revolution.

Instead, a properly working private-public partnership could have resulted in achieving sustainable and more inclusive irrigation practices, based on regulated utilisation of continually recharged and sustainable groundwater resources, eminently possible given the annual rainfall.

#### PERVASIVE GOVT PRESENCE

An even more important structural impediment to attracting private investment has been the pervasive presence of government in the sector. This extends to controlling foreign and domestic trade, regulating output and input prices, controlling the already distorted land market, its virtual monopoly over R&D and technology diffusion (sadly in very poor shape) and a veto on new varieties, especially of genetically modified crops.

This has had two very negative consequences for the entry of private investment. First, the extensive and opaque regulatory and control regime, currently in place, generates a

great degree of future uncertainty for the investor. The potential investor can never be sure of the rules of the game that are constantly changing with each government decree. This pure uncertainty, very different from risk, is a death knell for investment in any sector. Agriculture can be no exception.

Second, in sub-sectors like the mandis, warehousing or a number of services related to agriculture (like soil testing, pest control, veterinary services, etc.) the looming presence of large public sector undertakings deters private sector entry.

While due to their systemic inefficiencies these public sector agencies cannot cope with the farmers' demands and rents are collected as a norm, their presence combined with administrative clout at the ground level prevents the entry of more efficient private suppliers. Unless the government is willing to bite the bullet and effectively reduce its presence in the agriculture sector, prospects of attracting greater private investment must remain rather dim. A mere statement of good intent not accompanied by action on this front will certainly not suffice.

(The author is Director and Chief Executive, ICRIER. The views are personal.)

**Date:07/08/2010 URL:**

**<http://www.thehindubusinessline.com/2010/08/07/stories/2010080753161700.htm>**

---

**Crash in futures market pounds spot turmeric**



Our Correspondent

Erode, Aug. 6

Turmeric prices have crashed in the last two days, taking cues from the futures market that saw prices diving over Rs 275 a quintal on Friday.

“The fall in futures prices of turmeric reflected in Erode turmeric market also on Friday. As a result, the prices dropped,” said Mr V. Ravi, President of the Erode Turmeric Merchants Association.

He further said: “The demand for the commodity is less and only the regular bulk buyers purchased, expecting the prices to go up next week.”

He said: Prices will certainly go up next week, but the rise will capped. However, sales will also improve”.

On Friday, the finger variety sold at Rs 14,400 to Rs 14,600 a quintal in the Erode Turmeric Merchants Association sales yard, down Rs 300 over Wednesday's price. Similarly, the root variety sold at Rs 14,300 to Rs 14,400 a quintal, also Rs 300 lower.

Expecting good sale and price, 7,500 bags (of 75 kg each) of turmeric arrived at the Erode Turmeric Merchants Association, Gobichettipalayam Cooperative Marketing Society and Erode Cooperative Marketing Society. But disappointed was in store for farmers, as only 2,900 bags were sold totally in the three places.

The auction sale does not taken place in the Regulated Market and it was announced that the sale would be conducted only from August 9 at the new premises at Sunnambu Odai area.

PTI reports: Turmeric prices dropped by Rs 280 to Rs 13,500 a quintal in the futures trade as speculators cut their positions on subdued export demand. Good rains in key growing areas raised hopes of better crop, putting pressure on the prices.

On the National Commodity and Derivatives Exchange, turmeric for delivery in October

dropped to Rs 13,500 with an open interest of 340 lots.

Similarly, for delivery in August, the price fell Rs 146 to Rs 13,978 a quintal.

Market analysts said speculators reducing their positions on sluggish export demand and good rains in key growing areas raised hopes of good crop led to fall in turmeric prices at futures trade.

**Date:07/08/2010 URL:**

**<http://www.thehindubusinessline.com/2010/08/07/stories/2010080752361900.htm>**

---

### **Pepper futures decline on bearish sentiments**

G.K. Nair Kochi, Aug 6

Pepper futures on Friday, after shooting up in the forenoon, dropped sharply in the afternoon and recovered to end below the previous day's close. In the morning, the August contract shot up and went up as high as Rs 19,499 in the forenoon and dropped to as low as Rs 19,055 a quintal, then recovering during the closing hour and ending at Rs 19,165 a quintal down by Rs 75 a kg, traders said.

The "tug of war between the bull and bear operators" was attributed to the high volatility. Then the lower quotes from other origins, especially from Sri Lanka, coupled with liquidation, created the bearish sentiment. People liquidated their long positions because it was nearing maturity. August delivery price was far below the spot prices and yet there were no buyers, market sources told Business Line.

Spot prices remain unchanged

Spot prices were at Rs 194 a kg for MG 1 and Rs 189 a kg for ungarbled as against the August delivery which was at Rs 191.65 a kg. The payment can be made only after August 20 on maturity of the contract, they said. TN based interstate dealers were buying high range pepper at Rs 192 –Rs 194 from Idukki and at Rs 189 – Rs 191 from the plains. In fact, some trading in the terminal market also took place in the forenoon when the futures market was on the upward run. But, as the market started declining the buyers



and the sellers withdrew. Hence, the spot prices remained unchanged.

The August contract on the NCDEX dropped by Rs 75 to close at Rs 19,165 a quintal. September and October contracts declined by Rs 98 and Rs 92 respectively, to close at Rs 19,365 and Rs 19,599 a quintal. Total turnover fell by 9,533 tonnes to 16,733 a quintal. Total open interest dropped by 298 tonnes to 18,851 tonnes. August open interest was down by 292 tonnes to close at 8,238 tonnes while September declined by 92 tonnes. October moved up by 107 tonnes. Spot prices were steady at Rs 18,900 (ungarbled) and Rs 19,400 (MG 1) a quintal.

Indian parity in the international market was at \$4,400 a tonne and remained out-priced as all other origins were reportedly quoting lower, trade sources said.

Date:07/08/2010 URL:

<http://www.thehindubusinessline.com/2010/08/07/stories/2010080753191700.htm>

---

#### Ebbing offtake floors onion

Easing trend*		
Date	Arrivals	Modal price
Aug 2	1,256	771
Aug 3	1,215	761
Aug 4	1,216	761
Aug 5	1,280	731
Aug 6	9,00	725

Arrivals in tonnes; price in Rs/quintal  
Source: NHRDF

M.R. Subramani

Chennai, Aug. 6

Onion prices eased this week after showing a firm trend at the start of the week. Last

weekend, most of the trades were done at Rs 751 a quintal and on Monday, the rates jumped to Rs 771. However, prices eased after that and on Friday, most of the trades were done at Rs 725 a quintal.

Incidentally, arrivals at Lasalgaon were higher at 1,256 tonnes on Monday and towards the week-end, they slipped to 900 tonnes. The highest arrivals were, however, on Thursday at 1,280 tonnes.

“Demand from Bengal that increased last week owing to Ramadan ebbed this week. Enquiries from Bangladesh that picks the vegetable from Kolkata too were down,” said Mr Madan Prakash, Director of the Chennai-based Rajathi Group of Companies that exports onion.

“Prices have been a bit range-bound this week as there is a demand-supply balance. Arrivals too improved as farmers thought it fit to bring their produce at this price instead of risk holding it for another two months,” said Mr Rupesh Jaju, an exporter-trader from Lasalgaon.

“Arrivals have been good this week at Lasalgaon, Pimpalgaon and Ahmednagar in Maharashtra. Depending on quality and size, onions have been going at fairly stable prices of Rs 500-750 a quintal,” Mr Jaju said.

Prices to firm up

Prices could firm up another Rs 100 a quintal but it could take around 5-6 weeks, trade sources said.

Mr Prakash said the Karnataka crop that has hit the market is good, despite rain a couple of days ago.

Prices in Karnataka ruled around Rs 900 a quintal in terminal markets.

Meanwhile, export demand is lukewarm. “There is some demand but not something to write home about,” Mr Jaju said.

Mr Prakash said buyers in Malaysia had imported Indian consignments at lower costs and

they were yet to be exhausted. "We don't expect the buyers abroad to be in the market at least for another two weeks," he said.

**Date:07/08/2010 URL:**

**<http://www.thehindubusinessline.com/2010/08/07/stories/2010080753521800.htm>**

---

## **Tea output likely to be same as last year**

Kolkata, Aug.6

Despite loss of North Indian crop in May, June and July due to heavy rain and pest attack, the country's overall tea production in the current fiscal might be more or less the same as last year, according to Mr Basudeb Banerjee, Chairman of Tea Board.

"I would not like to speculate over the production figure right now but, hopefully, the production loss in North India in past few months will be made up by increased production in the coming months," Mr Banerjee said.

" There may not be any catastrophic drop in total production which, I believe, is unlikely to go beyond the last year's level."

Exports, should also be around last year's 200 million kg (mkg) , he said. Mr Banerjee was talking to newsmen at the seventh workshop on tea and health organised by the National Tea Research Foundation.

Mr T.V.Alexander, President, the United Planters' Association of Southern India (UPASI), said the till July South India's crop was ahead by six mkg over the same period last year. "Hopefully, we will end up the current fiscal with higher production than last year's 243 mkg," he observed. The overall price realisation so far had been lower –domestic by Rs 21 a kg and export by Rs 23 a kg, he added.

Mr C.S. Bedi, Chairman of Tea Research Association, said the pest attack in Assam gardens had been brought under control but secondary infections still persisted and as a result recovery had been slow. The aggressive use of pesticides would run the risk over exceeding the prescribed maximum residue limit, inviting resistance from overseas

buyers, he said.

#### Health benefits

Earlier, briefing newsmen about the health benefits of consuming tea, Mr Banerjee said the Tea Board, fund permitting, would like to revive its earlier campaign highlighting the therapeutic properties of tea.

“It is now proved beyond doubt that the tea is good for health,” he observed, adding, “it is not any marketing gimmick by any private company but based on solid scientific analyses undertaken by the scientific community.”

The pharmaceutical companies using natural products to produce their drugs and formulations, too, could be persuaded to explore medicinal benefits of tea.

The Tea Board-funded project being undertaken in collaboration with ISRO for remote sensing mapping of the tea growing areas in West Bengal and Assam, Mr Banerjee, said, had made considerable progress.

While the project would continue for another one-and-half-years or so, an interim report might be available shortly, he said. On completion of the project, the tea industry would stand to benefit immensely, he added.

**Date:07/08/2010 URL:**

**<http://www.thehindubusinessline.com/2010/08/07/stories/2010080753181700.htm>**

---

#### **Global cues aid edible oils surge**

Mumbai, Aug. 6

Edible oil prices gained sharply on Friday, taking cues from international markets and with the support from increased local demand. In the local market, the shortage of availability of low cost refined oil on ready basis has worsened the situation. In the Mumbai market, groundnut oil increased Rs 10, palmolein Rs 15, soya refined Rs 5, sunflower oil Rs 15, cotton and rapeseed oil Rs 5 and Rs 8 respectively for 10 kg on Friday. The market

sentiment was bullish.

### Shortage

According to Mr Mitesh of K.L.and Co, there is shortage of ready materials in the markets. With the aim to build inventories for the upcoming festive season, all are engaged in fresh buying. Mumbai's main supplier Liberty and Ruchi were quoting palmolein for September delivery. Allana was quoting from August 20 to 30. Mewa has sold some quantity on ready basis. On ready basis in palmolein, about 150-180 tonnes traded in the price range of Rs 456-463 on Friday. There was no trade in other oils.

Malaysia's September crude palm oil futures ended higher at 2, 697 (2,645) MYR. October was higher at 2,661 (2,619) MYR a tonne. Indore NBOT soya oil for August delivery rose to Rs 499 (Rs 492.80) and September futures to Rs 505.80 (Rs 505).

On Mumbai, commodity exchange, the spot rates were: groundnut oil Rs 860 (Rs 850), soya refined oil Rs 480 (Rs 475), sunflower expeller refined Rs 490 (Rs 485), sunflower refined Rs 560 (Rs 545), rapeseed refined oil Rs 580 (Rs 572) and rapeseed expeller at Rs 550 (Rs 542), cotton refined quoted at Rs 495 (Rs 490) and palmolein at Rs 460 (Rs 445) for 10 kg.

**Date:07/08/2010 URL:**

**<http://www.thehindubusinessline.com/2010/08/07/stories/2010080753171700.htm>**

---

### **Continuous sales dissolve sugar**

Mumbai, Aug. 6

Sugar prices fell Rs 10-20 in spot markets and Rs 20-25 in naka delivery rate on Friday, due to continuous selling by mills at lower rates.

Local and up-country buying was very thin. Sugar prices declined by Rs 35-40 this week. Enquiries from neighbouring States dried up on Friday.

The market was abuzz with talk of the possibility of the Government considering extension for July quota. In the spot market, the morale was low but the undertone was steady to

firm because of low prices, according to a spokesman of Surya Traders.

On Friday, total arrival at the Vashi market was at the usual level of 38- 40 truckloads (10 tonnes each ) and lifting was at 35-38 truckloads. Traders/stockists have purchased approximately 60,000-65,000 bags (each of 100 kg) of S and M-grade sugar in the price range of Rs 2,390-2,470.

Mills were offering S-grade sugar at Rs 2,390-2,420 a quintal and M-grade at Rs 2,430-2,470 (including excise). This week, Mumbai traders may have purchased around 2.25-2.75 lakh bags from mills, sources said.

According to the Sugar Merchants Association, on Friday spot market rate for S-grade was Rs 2,510-2,550, (Rs 2,510-2,560), M-grade was at Rs 2,535-2,620 (Rs 2,550-2,630). Naka delivery rate S-grade was Rs 2,450-2,480 against Rs 2,460-2,500. M-grade was Rs 2,500-2,550 from Rs 2,520-2,580.

Reuters reports: Sugar continued to ease back from four-and-a-half month highs hit at the start of the week. October raw sugar on ICE traded down 0.14 cent at 18.17 cents a lb. London October white sugar traded down \$8.00 at \$537.20 a tonne.

**Date:07/08/2010 URL:**

**<http://www.thehindubusinessline.com/2010/08/07/stories/2010080753251700.htm>**

---

### **Lack of purchase keeps wheat flat**

Karnal, Aug 6

With not much buying in the market, wheat prices stabilised after witnessing a drop to the season's lowest level of Rs 1,170 a quintal at the beginning of this month. On Friday, wheat prices ruled between Rs 1,170 and Rs 1,180 a quintal, while mill delivery was quoted at Rs 1,180.

On the other hand, desi wheat varieties ruled firm. Tohfa variety of Madhya Pradesh ruled at Rs 2,210, Lokwan was quoted at Rs 1,820, kitchen queen new marka at Rs 2,110, Angoor variety between Rs 2,125 and Rs 2,140 a quintal, Nano variety was quoted

at Rs 2,065 and the Kangan and Parle-G variety ruled at around Rs 2,180.

Mr Sewa Ram, a wheat trader, told Business Line that big flour millers were out of the market following reports that Food Corporation of India would offload its stocks soon. Small aata chakki millers were also not lifting the stocks from the market.

Due to lack of buying, fresh arrivals from Uttar Pradesh have dropped, he said.

Around 20 tonnes of the Dara variety arrived on Friday against the normal 30 tonnes.

Stocks were lifted by the local traders and partially by the aata chaki millers.

Wheat market witnessed a drop of Rs 30-40 in the last few days and traders are expecting that the decline would continue till the end of this month.

**Date:07/08/2010 URL:**

**<http://www.thehindubusinessline.com/2010/08/07/stories/2010080753461800.htm>**

---

## **Dhanuka Agritech forays into retail sector**

M. Somasekhar

Hyderabad, Aug. 6

Setting up a retail chain in agrochemicals is the new diversification for Dhanuka Agritech Ltd, a Rs 450-crore agro-chemical, fertiliser and seeds major, which is into its Golden Jubilee year now.

The company launched two agro-chemical retail outlets in Gujarat last week. It already set up seven such outlets in Uttar Pradesh. Plans are to establish 10 more in Gujarat this fiscal, according to Mr R.G. Agarwal, Group Chairman-Dhanuka Agritech.

While the UP outlets are all company-owned, in Gujarat most of the retail shops to be opened would be on franchisee model. "We want to try these models for a year and then

take up big expansion accordingly,” Mr Agarwal told Business Line here.

Agrochemicals companies such as Coromandel International already have a presence in the retail sector, which is set to grow. Dhanuka Agritech will expand further in the next two years, as the demand for the products and services to farmers will rise, explained Mr Agarwal.

‘dhanuka choupal’

The retail outlet chain called ‘Dhanuka Choupal’, which will see a few million rupee investment in each, will not just showcase the range of products we offer but will also extend agri-technology services and have experts who will address queries of farmers.

“We will also use video films, education material and Internet access to reach experts to more farmers,” he added.

For example, plans are to have a small soil testing facility so that farmers can be given the right advice on the ratio of fertilisers to be utilised. Similarly, doubts on newer technologies, use of products and their benefit/risk aspects would also be addressed, Mr Agarwal said.

Dhanuka Agritech has a portfolio of around 85 products, including pesticides, fungicides, weedicides, fertilisers, sticking agents, plant growth regulators etc. It has four modern facilities at Gurgaon and Sohna in Haryana, Sanand in Gujarat and Udhampur in J&K. Its two seed processing units are at Mandideep in M.P and Turkapalli, near Hyderabad.

**Date:07/08/2010 URL:**

**<http://www.thehindubusinessline.com/2010/08/07/stories/2010080753471800.htm>**

---

## **Jeera gains on export demand**

Rajkot, Aug. 6

Export demand pushed jeera prices up in the spot market, while in the futures prices slipped due to profit booking.



On the National Commodity and Derivatives Exchange, jeera August futures declined Rs 164 to Rs 13,955 a quintal with open interest of 7,302 lots.

Jeera September fell Rs 168 to Rs 14,236 with open interest of 15,552 lots.

#### Spot market

On the spot market at Unja, it gained by Rs 25-30 to Rs 2,350-2,670 a 20 kg.

“Jeera futures chopped between lower arrivals and good monsoon in the major producing regions of Gujarat.

“But the overall sentiment seems bullish on the back of better quality of Indian jeera than the other counterparties as well as lack of supply in the market,” said Mr Ajay Kumar Kedia of Kedia Commodities from Mumbai.

According to an Angel broking commodity report, stockists in the domestic mandis are not releasing their stocks of jeera at lower levels. This will support the prices if demand from overseas and domestic revives in the near term.

Fresh orders from overseas buyers, tracking lower quotes in international market of Indian origin, will provide support to the prices in short term. According to the market sources, jeera stocks currently are projected to be around 14 lakh bags against 16-17 lakh bags in the same period previous year. Jeera stocks in the NCDEX warehouse, stood at 5,554 tonnes as on August 3.