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Farmers urge Centre not to ban cotton exports

L. Renganathan

KARUR: Farmers in the cotton belt of Karur, Erode and Coimbatore served by the Lower Bhavani Project have urged the Centre not to give in to the demand for a complete ban on cotton exports stating that stake holders should instead contemplate on why the area under cotton progressively dwindled and what led to the suicides of cotton farmers all over the country.

Speaking to the media here on Sunday the Federation of Tamil Nadu Agriculturists Association secretary C. Nallasami observed that export of cotton was a natural right of the growers and the cry to ban that emanating from the textile exporters was not justified.

“Will it be right to call for a ban on readymade garment export citing high prices?” Farmers were not fools to accept blindly that logic, Mr. Nallasami said.

He said that the area under cotton in the region had come down drastically over the past few years.

“We have to ponder what went wrong and where. Instead of doing that clamouring for a ban on cotton exports is unjustified,” he pointed out.

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Harvest of paddy crop nearing completion in Erode

Staff Reporter

Farmers in Kalingarayan ayacut completed transplantation only in July

— PHOTO:M.GOVARTHAN

Satisfying yield: Paddy harvest in Kalingarayan ayacut in Erode district is nearing completion.

ERODE: The harvesting of paddy crop in Kalingayarayan ayacut in Erode district is nearing completion.

The harvest was delayed as farmers in the ayacut had completed the transplantation of the crop only at the end of July.

Heavy rain

Heavy rain during October and November had also contributed to the delay in the harvest.

Farmers said that they were not able to take up the Kuruvai crop earlier due to the delay in the release of water in the Kalingarayan canal this year.

The Kuruvai season in the district normally begins in the month of April. Most of the farmers in Gobichettipalayam and Sathyamangalam blocks take up the Kuruvai crop in April and May.

In Kalingarayan ayacut, the transplantation of Kuruvai crop gets over in the month of June.

But this year, farmers were able to complete the transplantation only at the end of July.

Farmers however expressed satisfaction over the crop yield recorded this year.

A majority of the farmers in the ayacut reported an average yield of over 6.5 tonnes per hectare.

"When compared to other districts, the average yield of Kuruvai crop in Erode district is better," a senior official in the Agriculture department said.

Official sources further said that the total acreage under the paddy crop in the district had come down significantly as many farmers had switched to turmeric.

"Farmers in Kalingarayan ayacut normally cover at least 5,000 hectares under paddy. But this year, the coverage was around 4,000 hectares," official sources said.

Meanwhile, a majority of the farmers in the ayacut had utilised machines for harvesting the crop this season.

Apart from the primary agriculture cooperative credit societies and agriculture engineering department, farmers also got machines from the private operators on rental basis.

Farmers said that the use of the machines helped them save money and time, besides sparing them problems in finding labourers to do the work.

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Managing the anticipated food crisis

M.S. Swaminathan

FAO has warned that 2011 may witness a global food crisis. Proactive action is needed to meet the challenge of price volatility, chronic hunger, agrarian despair and climate change.

The Food and Agriculture Organisation of the United Nations (FAO) has alerted developing countries about possible steep rises in food prices during 2011, if steps are not taken immediately to increase significantly the production of major food crops. According to FAO, "with the pressure on world prices of most commodities not abating, the international community must remain vigilant against further supply shocks in 2011." World cereal production is likely to contract by 2 per cent during 2010 and global cereal stocks may decline sharply. The price of sugar has reached a 30-year high while international prices of wheat increased by 12 per cent in the first week of December, 2010, as compared to their November average.

The quantitative and qualitative dimensions of the under- and mal-nutrition prevailing in our country are well known. The Steering Committee of a High Level Panel of Experts on Food and Nutrition set up under my chairmanship to advise the UN Committee on Food Security (CFS) recently concluded what we need urgently is a comprehensive coordinated approach, not piecemeal approaches, to tackling chronic, hidden and transitory hunger. This is also the lesson we can learn from countries which have been successful in combating hunger such as Brazil which, under its "Zero Hunger" programme, has achieved convergence and synergy among numerous nutrition safety net programmes. To some extent, this is what is being attempted under the proposed National Food Security (or Entitlements) Act of the Government of India.

What should be our priority agenda for 2011 on the food front? At least six areas need urgent and concurrent attention. First, the National Policy for Farmers placed in Parliament in November 2007, on the basis of a draft provided by the National Commission on Farmers (NCF), should not continue to remain a piece of paper, but should be implemented in letter and in spirit. This is essential to revive farmers' interest in farming. Without the wholehearted involvement of farmers, particularly of young as well as women farmers, it will be impossible to implement a Food Entitlements Act in an era of increasing price volatility in the international market. The major emphasis of the National Policy for Farmers is imparting an income orientation to agriculture through both higher productivity per units of land, water and nutrients, and assured and remunerative marketing opportunities. The Green Revolution of the 1960s was the product of interaction among technology, public policy and farmers' enthusiasm. Farmers, particularly in north west India, converted a small government programme into a mass movement. The goal of food for all can be achieved only if there is similar enthusiastic participation by farm families.

Second, every State government should launch a “bridge the yield gap” movement, to take advantage of the vast untapped yield reservoir existing in most farming systems even with the technologies currently on the shelf. This will call for a careful study of the constraints — technological, economic, environmental and policy — responsible for this gap. The Rs.25,000-crore Rashtriya Krishi Vikas Yojana of the Government of India provides adequate funding for undertaking such work both in irrigated and rainfed areas. Enhancing factor productivity leading to more income per unit of investment on inputs will be essential for reducing the cost of production and increasing the net income. Scope for increasing the productivity of pulses and oilseed crops is particularly great. The programme for establishing 50,000 Pulses and Oilseed Villages included in the Union budget for 2010-11 is yet to be implemented properly. The cost of protein in the diet is going up and Pulses Villages will help to end protein hunger.

There are outstanding varieties of chickpea, pigeon pea, moong, urad and other pulses available now. What is important is to multiply the good strains and cultivate them with the needed soil health and plant protection measures. The gap between demand and supply in the case of pulses is nearly 4 million tonnes. We should take advantage of the growing interest among farmers in the cultivation of pulses, both due to the prevailing high prices and due to these crops requiring less irrigation water. Such high value, but low water requiring crops also fix nitrogen in the soil. Before the advent of mineral fertilizers, cereal-legume rotation was widely adopted for soil fertility replenishment and build-up.

Third, the prevailing mismatch between production and post-harvest technologies should be ended. Safe storage, marketing and value addition to primary products have to be attended to at the village level. Home Science colleges can be enabled to set up Training Food Parks for building the capacity of self-help groups of women in food processing. A national grid of ultra-modern grain storage facilities must be created without further delay. In addition to over 250 million tonnes of food grains, we will soon be producing over 300 million tonnes of fruits and vegetables. Unless processing and storage are improved, post-harvest losses and food safety concerns will continue to grow.

We should also expand the scope of the Public Distribution System by including in the food basket a whole range of underutilised plants like millets and, where feasible, tubers. The NCF pointed out that eastern India is a sleeping giant in the field of food production. The sustainable management of the Ganges Water Machine (this term was first used by Professor Roger Revelle) will provide uncommon opportunities for an evergreen revolution in this area. Fortunately Chief Minister Nitish Kumar is taking steps to make Bihar the heartland of the evergreen revolution movement in this region. The Ganges Water Machine is capable of helping us to increase food production considerably, provided we utilise ground water efficiently during rabi and replenish the aquifer during kharif.

Four, a nutrition dimension should be added to the National Horticulture and Food Security Missions. Hidden hunger caused by the deficiency of micronutrients like iron, iodine, zinc, Vitamin A and Vitamin B12 can be overcome at the village level by taking advantage of horticultural remedies for nutritional maladies. Popularisation of multiple fortified salt will also be valuable, since this is both effective and economical.

Five, a small farm management revolution which will confer on farmers operating one hectare or less the power and economy of scale is an urgent need. There are several ways of achieving this and these have been described in detail in the chapter titled, “Farmers of the 21st Century” in the NCF report. We need to foster the growth of a meaningful services sector in rural India, preferably operated by educated young farmers. The services provided should cover all aspects of production and post-harvest operations. Group credit and group insurance will be needed. Contract farming can be promoted if it is structured on the basis of a win-win situation both for the producer and the purchaser.

Finally, there is need for proactive action to minimise the adverse impact of unfavourable changes in climate and monsoon behaviour and to maximise the benefits of favourable weather conditions. For enabling farmers to develop a “we shall overcome” attitude in the emerging era of climate change, we need to set up in each of the 128 aqro-climatic zones identified by the Indian Council of Agricultural Research a Climate Risk Management Research and Training Centre. These centres should develop alternative cropping patterns to suit different weather probabilities. They should develop methods of checkmating potential adverse conditions. Along with a climate literacy movement, a woman and a man from every panchayat and nagarpalika will have to be trained as Climate Risk Managers. We will then have over half-a-million trained Climate Risk Managers, well versed in the science and art of climate change adaptation and mitigation. Such a trained cadre of grassroot Climate Risk Managers will be the largest of its kind in the world.

The present year is ending with damage to rice and other crops in Andhra Pradesh and Tamil Nadu due to excess of rain towards the end of the crop season. Farming is the riskiest profession in the world since the fate of the crop is closely linked to the behaviour of the monsoon. Even if there is assured irrigation source, natural calamities like cyclones, hail storms and very heavy showers take their toll. The National Monsoon Mission proposed to be taken up with the participation of U.S. expertise will certainly help to refine the prediction of weather as well as the status of crops and commodity prices. Also, the Mahatma Gandhi National Rural Employment Guarantee Programme provides unique opportunities for strengthening our water security system through scientific rain water harvesting and watershed management. This valuable benefit can however be realised only by integrating technology with labour. Once a national grid of Climate Risk Management Research and Training Centre comes into existence, it will be possible to build up seed banks of alternative crops, which can be grown if the first crop fails. Drought and Flood Codes should specify the action possible at the end of such calamities. For example in the flood affected areas, soil moisture will be adequate to grow a short duration fodder crop or a Vitamin A rich sweet potato.

Eternal vigilance is the price of stable agriculture. Early warning helps to take timely action. Food and water security will be the most serious causalities of climate change. 2011 will be a test case to assess whether we as a nation are capable of initiating proactive action to meet the challenges of price volatility, chronic hunger, agrarian despair and climate change.*(Professor M.S. Swaminathan is Member of Parliament (Rajya Sabha)).*

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Rs. 645 crores will be spent on farm sector, says Viveka

Staff Reporter

He along with other Ministers take stock of the situation in rain-hit areas

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Officials asked to give details of crop damage Farmers assured of seed and fertilizer supply

on subsidy

— PHOTO: S. RAMBABU

STOCK-TAKING:Ministers Y.S. Vivekananda Reddy, D. Sridharbabu, Pitani Satyanarayana and Viswaroop looking at the damaged Paddy at Dindi near Malikipuram in Konaseema on Sunday.

AMALAPURAM (Konaseema): Minister for Agriculture Y.S. Vivekananda Reddy has announced that the State government decided to spend Rs.645 crores on relief and rehabilitation of farming community which incurred heavy loss due to heavy rain in coastal Andhra region in the months of November and December.

Speaking at a review meeting at the RDO's office in Amalapuram on Sunday along with three other Ministers -- D. Sridhar Babu (civil supplies), Pitani Satyanarayana (social welfare) and Pinipe Viswaroop (animal husbandry) -- Mr. Vivekananda Reddy said that they visited Dindi in Malikipuram mandal, Gannavaram in P. Gannavaram, Tatipaka in Razole mandal and took stock of the situation of farmers as well as the damages occurred due to rain. He said that a large extent of paddy fields were damaged in the district and asked the district administration to give full details of the damage.

He said the paddy purchase centres were operating in each mandal in the State and 50 per cent of the decoloured paddy would be purchased at these centres.

The Minister said that he asked the officials to pay Rs. 600 per quintal by grading the paddy with relaxation. He further stated that by next May the government would provide loan facility to tenant farmers also and groups would be formed for tenant farmers. He assured farmers of supply of seed and fertilizers on subsidy during the next kharif season and input subsidy to tenant farmers in the district.

D. Sridhar Babu, Minister for Civil Supplies, asked the officials of his department as well as the revenue officials to monitor paddy purchase centres in the district and do justice to farmers. He also warned the officials that he would not entertain any complaints from farmers from any part of the State during the purchase of paddy. Mr. Pitani Satyanarayana and Mr. Viswaroop explained the conditions of the farmers in East and West Godavari districts. Joint Collector K. Sasidhar, RDO B. Lavanyaveni and others participated.

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Awareness programme for farmers on mango cultivation organised

Correspondent

Mango cultivation being done on a large scale first time under the NREGS

Chittoor: District Collector V. Seshadri inaugurated awareness programme for the farmers on mango cultivation organised jointly by ATMA, Agricultural Services Society and Horticultural Department here on Sunday.

Speaking on the occasion, he said that mango plantation was taken in a large scale first time under the National Rural Employment Guarantee Scheme. Besides, he said that Chittoor district ranks first in the country in Horticultural cultivation.

He said that mango plantation on 70,000 acres had been taken up in the district against the target of 1 lakh acres.

He stated that Chittoor district farmers were most enterprising in the country which was recognised by the Central government as such it gave permission to take up mango plantation under NREGS programme.

The Horticulture cultivation would be promoted alternative to agriculture in order to get profits for the farmers. The market facilities would also be developed in such a way to observe the mango fruits locally and also export to other countries.

The Vapour heat treatment plant at Tirupati would be made to function properly for the farmers to export qualitative fruits to other countries, said the Collector.

Farmers' woes

Cattamanchi Balakrishna Reddy, president, Agricultural Services Society raised several problems faced by the Horticulture farmers and asked the Collector to help them.

Jayachandra Choudary, secretary Farmers' Federation and Hamsaveni, a progressive mango plantation farmer were also suggested several measures to be taken to save the plants from pests and precautions to be taken in cultivation.

Scientists Dr. T.N. Reddy, Dr. Srinivasulu Reddy, M.R. Dinesh and Dr. B.M.C. Reddy offered several suggestions in the mango plant cultivation to improve the production and quality.

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Farmers demand release of water

Staff Correspondent

Bijapur: Farmers of Shirshyal, Abbihal and Benal villages in Basavan Bagewadi taluk of Bijapur district submitted a memorandum to Deputy Commissioner S.S. Pattanshetty urging him to instruct the officials concerned to release water to their fields.

In a memorandum, the farmers said that officials had not released water to the fields as was customary. Owing to the delay, the crops were withering, they said and demanded compensation.

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Sugarcane growers call off agitation

Staff Correspondent

Pune: Putting an end to sugarcane growers' agitation, the State Government on Sunday increased the first advance for sugarcane farmers throughout Maharashtra.

Minister for Cooperation Harshawardhan Patil said that the rates for Pune, Ahmednagar and Solapur would be increased to Rs. 1,800 and those for Vidharbha, Khandesh and Marathwada regions to Rs. 1,750 from the statutory minimum price of Rs. 1,500. State Sugar Factory Federation chairman Vijaysinh Mohite Patil, Raju Shetty and Raghunathdada Patil were present at the meeting.

hindustantimes
Mon,20 Dec 2010

Weather

Chennai - INDIA

Today's Weather

Cloudy

Monday, Dec 20

Max Min

26.5º | 20.3º

Rain: 17.0 mm in 24hrs
Humidity: 94%
Wind: Normal

Sunrise: 7:13
Sunset: 17:21
Barometer: 1012.0

Tomorrow's Forecast

Rainy

Tuesday, Dec 21

Max Min

28º | 23º

Extended Forecast for a week

Wednesday	Thursday	Friday	Saturday	Sunday
Dec 22	**Dec 23**	**Dec 24**	**Dec 25**	**Dec 26**
26º | 24º	27º | 24º	27º | 22º	26º | 21º	26º | 22º
Rainy	Rainy	Partly Cloudy	Cloudy	Cloudy

Business Standard

Monday, Dec 20, 2010

Maharashtra cane farmers end agitation

Sanjay Jog / Mumbai December 20, 2010, 0:07 IST

The sugar industry in Maharashtra got a major relief today, after various farmers organisations decided to call off their agitation to press for the payment of a first advance of Rs 2,200 a tonne by mills to cane growers.

The farmers bodies, the Federation of Cooperative Sugar Factories in Maharashtra (FCSFM), and the state government arrived at a consensus for the payment of Rs 1,800 a tonne by the mills to growers in Pune, Solapur and Ahmadnagar, while mills in Khandesh, Marathwada and Vidarbha would pay Rs 1,750 a tonne as the first advance.

The agitation had been stepped up during the past fortnight, hampering the ongoing crushing season across the state. Last week, agitators sat on a protest sit-in at Union agriculture minister Sharad Pawar's residence at his hometown, Baramati, in Pune district. Nor did agitators spare the two cooperative mills of state cooperation minister Harshvardhan Patil, in Pune district. Subsequently, Pawar and chief minister Prithviraj Chavan, at the Federation's annual general meeting this Friday, called for a dialogue.

Patil said, "Farmers' organisations have agreed to call off their agitations after today's meeting. This will pave way for the smooth functioning of sugar mills, especially when nearly 82.5 million tonnes of sugarcane needs to be crushed, to produce 9.5 mt sugar in the current season."

He said the farmers' bodies were persuaded not to press their demand for a first advance of Rs 2,200 a tonne, as the payment depended on the sugar recovery, which differed across regions. They were also told about the loss to the industry due to untimely rainfall across the state.

Vijaysinh Mohite-Patil, the new chairman of FCSFM, said the agreement was a major achievement. Bharatiya Janata Party leader, Gopinath Munde, who was at the meeting, said it was a positive step. He called on the Maharashtra State Cooperative Bank to release payment at the earliest to the mills.

An independent MP, Raju Shetty, who was to launch a protest 'yatra' from Tuesday to Pawar's Baramati from Pandharpur, said the plan had been cancelled.

Cotton flares 12% on export panic

T E Narasimhan / Chennai December 19, 2010, 0:27 IST

Communication from government misunderstood to mean more exports.

Cotton prices shot up by over 12 per cent to Rs 41,500 per candy on Friday after a communication issued that day by the commerce & industry ministry created panic in the market. It was misunderstood to mean that the government was pushing exports, though the cotton crop has been affected badly by erratic rainfall.

The textile ministry had allowed the export of 5.5 million bales for a period of 45 days which ended on December 15. The communication from the commerce & industry ministry, a copy of which is available with Business Standard, stated that "it was the decision of the group of ministers that 5.5 million bales of cotton should be allowed for export during the cotton season 2010-11". This, people in the trade felt, was an extension of the deadline of December 15.

SHORT SUPPLY

- The demand for cotton is estimated to be 27.5 to 28 million bales, while the government's estimate for production is 26.6 million bales
- Production has dropped 40 per cent in Andhra Pradesh, 20 per cent in Maharashtra and 15 per

cent in Gujarat

- Meanwhile, the demand for cotton is expected to stay buoyant. According to market estimates, 4.3 million spindles are likely to be added by the spinning mills next year
- Mills do not want more exports in the near future because that could drive up prices

The textile ministry on Saturday clarified that there was no such extension. Textile Secretary Rita Menon told Business Standard that “the cap was not lifted, and, till December 15, only 3 million bales have been shipped”. However, she added that the government will reopen registration “so that the remaining 2.5 million bales can also be shipped”.

Mills do not want more exports in the near future because that could drive up prices. The demand for cotton is estimated to be 27.5 to 28 million bales, while the government’s estimate for production is 26.6 million bales. This has put pressure on prices. It is estimated that cotton production has dropped 40 per cent in Andhra Pradesh, 20 per cent in Maharashtra and 15 per cent in Gujarat. “Our estimate is that production of 3 million bales has been hit due to the rain; so any further export will create shortage in the months of July, August and September next year, which will result in mills shutting down,” said The Southern India Mills Association Chairman J Thulasidharan.

At the same time, the demand for cotton is expected to stay buoyant. According to market estimates, 4.3 million spindles are likely to be added by the spinning mills in the country next year.

Some mills alleged that because of the commerce & industry ministry’s circular, some foreign buyers have started to place orders for cotton. This, they said, fuelled the price rise on Friday. KPR Mills Managing Director P Nataraj said that exporters too have assumed that the deadline has been extended. This was a miscommunication, though there was no extension of the deadline of December 15.

Meanwhile, the directorate general of foreign trade, the trade arm of the commerce & industry ministry, from now will register cotton export contracts instead of the textiles commissioner, the Friday circular said. No reason was assigned for the switch.

Business Daily from THE HINDU group of publications

Monday, December 20, 2010

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Back **Systematic investment in agriculture key to poverty alleviation**

Rana Kapoor

The correlation between agricultural investment, agricultural growth and poverty alleviation has been well researched, not just in India but across the world. Growth originating from primary agricultural activities is at least twice as effective in poverty alleviation as growth from non-agriculture sectors. This is not surprising since 75 per cent of the poor in developing countries live in rural areas and their incomes are directly or indirectly linked to agriculture.

However, the annual increment to gross capital formation in agriculture in India is now lower than in the early 1980s. This situation calls for an urgent need to increase investments in development of agriculture so as to augment social equity and stability.

Global Investment in Agriculture

The FAO estimates indicate that global agricultural production needs to grow 70 per cent (majority in developing countries) by 2050 in order to meet projected food demand. This calls for developing countries to increase annual gross investment in agriculture by a whopping 50 per cent – from $142 billion invested annually in the last decade to $209 billion.

Ironically, global trends indicate that investment in agriculture has been steadily declining since the 1970's. This is reflected in the fact that the rate of growth of agricultural capital stock (ACS) in the world fell from 1.1 per cent in 1975–1990 to 0.50 per cent in 1991–2007.

Similarly, the share of official development assistance directed to the agricultural sector fell from 17 per cent in 1980 to 3.8 per cent in 2006. The same downward trends are observed in the national budgets of developing countries.

Public Investment in Indian Agriculture

Agriculture in India is facing a crisis on multiple dimensions and is impeding rapid economic growth and equity distribution. But for the current year projections, agricultural growth rate has continued to plummet with stagnating production, despite impressive overall GDP growth. One of the primary reasons for such lacklustre performance has been declining investments in the sector.

Public investment in agriculture, in real terms, had witnessed a steady decline from the Sixth Five-Year Plan onwards. With the exception of the Tenth Plan, public investment has consistently declined in real terms (at 1999-2000 prices) from Rs 64,012 crore during the Sixth Plan (1980-85) to Rs 52,107 crore during the Seventh Plan (1985-90) , Rs 45,565 crore during the Eighth Plan (1992-97) and Rs 42,226 crore during Ninth Plan (1997-2002).

It was stipulated in the Eighth Plan that the level of investment in agriculture should be raised to at least 18.7 per cent of total national investment basket. However, while the total public investment has increased dramatically over the last decade, the share of investment in agriculture has varied from 8 to 10 per cent with a maximum of 11 per cent during 2001-02.

Moreover, a large portion of public expenditure on agriculture in recent years went into current expenditure in the form of increased output and input subsidies. Thus, as the subsidy bill of the Government burgeoned, investments “in” and “for” agricultural development in terms of real infrastructure creation floundered.

Issues and Challenges for Private Investment

Private sector investments in any sector are primarily drawn by the prospective returns in manageable risk environments. Given this scenario the agricultural sector should have attracted higher private investments since the terms of trade have favoured agriculture over manufacturing consistently since 1995. However, while private investment in Indian agriculture has grown at a greater rate than public investment, existing levels of private investment is not enough to fill the gap due to decreased public investment. Further, decreased public spending in creation of supporting infrastructure in rural areas has discouraged private investment in this sector.

In addition, factors such as frequent regulatory changes, absence of a free market system in agriculture and trade distorting regulations have bred inefficiencies in the sector deterring private investment. Further, in areas within the agricultural sector where private investments have been active, lack of accompanied investments by the public sector has restricted growth.

Way Forward

Given the fact that the country's social and economic stability is largely dependent on robust agricultural activity, and investment in agriculture is an effective means of poverty alleviation, there is an urgent need to direct agricultural investment into strategic focus areas that would catalyze growth in capital formation and thus foster overall development of the sector. Some of the key action steps in this direction include:

Investment in General Services

Taking a cue from the nature of investment for development of agriculture in OECD countries, India should step up investment in “General Services”. The investment in “General Services” is sector wide and covers institutional services like research and development, education, inspection, marketing and rural infrastructure. Such investment is positively correlated with capital formation and strengthens incentives for the private sector, in particular farmers, to invest in productive assets.

Increased investment in Rain- fed Areas

A major share of agricultural investment in the past has been in well endowed irrigated areas. There is a need to realign investment into rain-fed areas. About two-thirds of farming in India takes place in rain-fed areas and it is essential that the next “Green Revolution” is taken to this front. While Budget 2010 has initiated focus on rain-fed agriculture, the effort needs to be continuous and budgetary allocation needs to increase substantially to achieve the desired impact.

Private Sector Participation

In order to generate efficiencies and for commercialization of farming, the participation of the private sector is an absolute must. Private investment should be encouraged across all section of the agricultural value chain through creation of an enabling environment. However, only a statement of good intent will not be sufficient for action in the sector. It should be accompanied by actual enablers and a gradual reduction of government presence in the trading activities of the sector.

Increased Investment for Sustainable Agriculture

Increased investment, effective regulation and incentives are needed with regard to all three natural resources required for sustainable and stable production growth: land, water, biodiversity. The Finance Minister announced in the Budget 2010, the introduction of a Climate Resilient Agri-Strategy for sustaining the gains of the Green Revolution. However, the allocation of INR 200 crores may not be enough for the purpose but it's a positive step in the required direction and should be the foundation for all future investment areas in agriculture.

Conclusion

India has the resources for ensuring rapid growth in agriculture for ensuring food security, poverty alleviation and equity distribution. Utilisation of these natural resources to full capacity would require substantial increase in investment in agriculture with a focus to build capital formation in the right areas hence steering the sector into a growth engine with hunger elimination and poverty reduction as its core motto.(The writer is Founder/Managing Director & CEO, YES Bank)(Responses are invited from readers. They may be sent to agribiz@thehindu.co.in)

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Back **Complex fertilisers get a leg-up from nutrient-based subsidy**

Sales zoom 33% in April-November.

Fertiliser consumption

(Thousand tonnes)

	1999-2K	2004-05	2008-09	2009-10	Apr-Nov 2009	Apr-Nov 2010
Urea	20277.75	20665.19	26649.21	26673.44	16649.31	17470.94
DAP	6936.89	6255.78	9231.21	10491.83	8344.38	8832.71
MOP	2048.85	2406.20	4077.33	4634.06	2761.82	2593.93
Complexes	4522.78	5508.46	7028.70	8156.10	5323.11	7074.11
SSP	3601.11	2549.35	2616.61	2651.10	NA	NA
Others*	1078.04	820.74	969.32	829.40	NA	NA
TOTAL	**38465.42**	**38205.72**	**50572.38**	**53435.93**	**NA**	**NA**

*Includes ammonium sulphate/chloride, calcium ammonium nitrate, sulphate of potash, mono-ammonium phosphate and triple super phosphate;

NA: Information not available.

Harish Damodaran

New Delhi, Dec. 19

The institution of a nutrient-based subsidy (NBS) regime from April 1 has given a huge boost to consumption of complex fertilisers.

During April-November, fertiliser firms have sold 7.07 million tonnes (mt) of complexes, containing varying proportions of nitrogen (N), phosphorous (P), potash (K) and sulphur (S). This represents a one-third jump over the 5.32 mt for the corresponding eight months of 2009-10.

Conventional fertilisers

On the other hand, sales of conventional fertilisers such as urea and di-ammonium phosphate (DAP) have registered a mere 5-6 per cent increase, while being negative in muriate of potash (MOP).

“Complex sales will easily top 10 mt this fiscal,” said Dr G. Ravi Prasad, President (Fertiliser Marketing) at Coromandel International Ltd (CIL). In 2009-10, CIL manufactured around two mt of complex fertilisers, which was next to the 2.75 mt by the Indian Farmers Fertiliser Cooperative (Iffco).

Besides these two, the K.K. Birla Group-controlled Pradeep Phosphates and Zuari Industries (0.8 mt), Fertilisers & Chemicals Travancore (0.75 mt), Rashtriya Chemicals & Fertilisers (0.5 mt), Tata Chemicals (0.4 mt), GSFC (0.3 mt), GNFC (0.2 mt) and Deepak Fertilisers & Petrochemicals Corporation (0.1 mt) are the major producers of complexes.

According to the industry, the introduction of NBS – linking subsidy payable to the nutrient composition of individual fertilisers – has made complexes attractive to both companies as well as farmers. This is unlike the earlier regime, where subsidy was limited to specific products (urea, DAP, MOP) with little linkage to nutrient content.

Under the NBS, the Centre is now providing a per-kg concession of Rs 23.227 on nitrogen , Rs 26.276 on phosphorous , Rs 24.487 on potash and Rs 1.784 on sulphur . These translate into a respective subsidy of Rs 15,521 and Rs 15,114 a tonne on the two most popular complexes, 10:26:26:0 and 12:32:16:0, enabling them to be retailed at Rs 8,200 and Rs 8,650 a tonne. Lower prices (against Rs 9,950 for DAP) and the presence of K (DAP only contains ‘N' and ‘P', albeit at 18 and 46 per cent) makes them a value proposition.

Companies, in turn, have responded by augmenting production of complexes. Iffco's Kandla plant manufactured 0.7 mt of DAP in 2009-10, whereas this year, “we are hardly making any DAP and bulk of its 2.4-2.5 mt output will consist of 10:26:26:0 and 12:32:16:0”, informed Mr Arabinda Roy, Marketing Director, Iffco.

Apart from DAP, even potash is being increasingly sold in the form of complexes rather than as MOP. “That probably explains declining sales of MOP. Although MOP imports are higher this time (six mt against 5.3 mt in 2009-10), a significant part of it is going for manufacture of complexes,” he added.

Higher complex sales

The other reason for higher complex sales is imports, adding to the overall availability. The extension of NBS benefits to imported material has led to over 1.1 mt of complexes – mainly 10:26:26:0, 16:16:16:0, 16:20:0:13 and 20:20:0:0 – being brought in from Russia, China and Indonesia during April-November, compared with just 0.2 mt in the whole of 2009-10.

Interestingly, the import of complexes have been undertaken not just by Iffco, Zuari and Deepak Fertilisers, but even by companies such as Nagarjuna Fertilisers & Chemicals and Indian Potash Ltd that do not manufacture them domestically.

The other major fertiliser to have benefited from the NBS is single super phosphate (SSP), which, on account of its lower 16 per cent phosphorous content, has faced steady marginalisation from DAP. But with the NBS recognising the 11 per cent sulphur content in SSP, this fertiliser, too, has become a marketing proposition.

“I foresee SSP consumption to touch 3-3.5 t this year and also more production capacity being added,” said Dr Prasad.

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Back **High volatility in pepper market continues**

G.K. Nair

Kochi, Dec. 19

Pepper futures market has become a platform for the bull and bear operators to exhibit their strength in “tug of war”. Consequently, the market has been pushed up and pulled down through calculated moves which, in fact, is sending out wrong signals to buyers in country and overseas besides depriving the sellers of taking positions or making commitments because of the high volatility, market sources told Business Line. It not helping the grower also, they said.

In fact, the market is driven not on fundamentals, which are appears to have lost its significance in the trade/market, they said. Some sellers holding low density pepper in the north Malabar region were reported to have sold out their stocks at Rs 206-207 a kg.

Karnataka based dealers bought it. High range pepper was reportedly sold at Rs 215 a kg. At the weekend trade buyers were quoting lower, while the sellers higher. As a result, market was sluggish pulling down prices of all the contracts at the Saturday trade.

Interestingly, at a time when the arrival of new crop, which is projected to be less, has been delayed inordinately, there are said to be good sales of good quality pepper at Rs 250 a kg and the Sabarimala pilgrims from the neighbouring states are the buyers. Make-shift stalls are set up on both sides of all the major roads leading to Pampa in the southern districts of Kerala, where harvesting of pepper commences first in the State. These stalls sell other spices such as cloves, cardamom, ginger and even cumin and coriander, which are not grown in the State.

Daily on an average, 10-15 tonnes of black pepper is sold and this has led to a squeeze in supply in the terminal/primary markets, traders here said. Vendors in Pathanamthitta, Kollam and Idukki districts feel that demand would soar in the coming days when the pilgrimage season reaches its peak.

In the overseas markets also availability appears to be tight and it is implied in the current price trend at all the origins, they said. If the Indian parity remained competitive, some orders from selected pockets could come for the Malabar pepper. In ground pepper, exports to the US India was on top while on the whole, pepper shipments in the country remained at the fourth place. Almost all the ground pepper exported were of imported material and had not benefited the country's farmers, they said.

During the week, all the contracts moved up after wild fluctuations. December, January and February contracts increased by Rs 277, Rs 290 and Rs 390 respectively to close at Rs 21,818, Rs 22,158 and Rs 22,406 a quintal at Saturday's close. Total turnover fell during the week by 6,551 tonnes to close at 46,400 tonnes. Total open interest dropped by 424 tonnes to 13,661 tonnes at the weekend close.

Spot prices also moved by Rs 200 from the previous weekend to close on Friday at Rs 20,700 (ungarbled) and Rs 21,200 (MG1) a quintal.

The black pepper market, according to the International Pepper Community (IPC), was calm during the week, but prices remained high. A slight decrease was recorded in India it said adding this may be influenced by the situation of the upcoming crop season. New material however, is only expected to come into the market in January/February. Due to year-ending, trading was limited in anticipation of long holidays. In Lampung, prices were stable with very limited activity. In Sarawak, prices jumped up by 8 per cent locally and 6 per cent fob. In Vietnam and Sri Lanka, prices also increased.

Significant price increase for white pepper was recorded in Sarawak, both in local as well as fob. In

Bangka, the local price increased marginally, while in Vietnam and Hainan white pepper prices were stable.

India remains the largest supplier of ground pepper to the US during Jan-Oct 2010 with 4,454 tonnes cornering 43 per cent of the total imports of this valued-added item, according to the IPC report. Vietnam was at the second slot with 3,622 tonnes (35 per cent). However, in the case of exports of whole black pepper India was at the fourth place with a total shipment of 3,273 tonnes.

United States during January-October 2010 imported 57,569 tonnes of pepper comprising of 42,461 tonnes, 4,708 tonnes and 10,401 tonnes of whole black, white and ground pepper respectively, as against 53,760 tonnes in the corresponding period the previous year showing an increase of 7 per cent.

Import of whole black pepper increased by 5 per cent, while that of whole white pepper decreased by 7 per cent. Substantial increase was recorded in the import of ground pepper by 27 per cent. Indonesia was the major supplier of whole black pepper to the US market, shipping 18,577 tonnes (44 per cent), followed by Brazil - 9,942 tonnes, Vietnam - 9,847 tonnes and India -3,273 tonnes. These four countries supplied 98 per cent of whole black pepper to the US. Indonesia remains the most important source for whole white pepper followed by Vietnam.

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Back **Hybrids need to be developed to step up yields**

COMMODITY FOCUS: SESAME.

Decreasing output:A file photo of farmers thrashing the sesame crop after the harvest

Sesame (Sesamum indicum) an ancient oilseed, is a warm-season annual crop primarily adapted to areas with long growing seasons and well-drained soils. The crop has several desirable agronomic characteristics which give it an edge over competing crops, for instance, it does well in poor soils and is resistant to drought. Availability of cultivars with varying durations help to fit the crop in different intensive cropping systems under irrigated conditions, varying photoperiods and temperature regimes.

Sesame is grown primarily for its oil-rich seeds with an oil content of around 55 per cent, which come in a variety of colors, from cream-white to charcoal-black. In general, the paler varieties seem to be more valued in the West and West Asia, while the black varieties are prized in the Far East. Sesame seeds have high nutritive value and are also used as a flavouring agent in numerous cuisines all over the world.

Sesame oil has excellent stability and is high in polyunsaturated fats, ranking fourth behind safflower, soyabean and corn oil. It is used in cooking in preparation of salads and also finds its use in the production of margarine, soaps, pharmaceuticals, paints and lubricants. The residue left after the extraction of oil is known as the oil seed cake which is used as cattle feed. About 65 per cent of the sesame is processed into oil and 35 per cent is used in food. The food segment includes about 42 per cent roasted sesame, 36 per cent washed sesame, 12 per cent ground sesame and 10 per cent roasted sesame seed with salt.

In 2009, sesame was cultivated in an area of 7.52 million hectares (as against 7.41 in 2008; FAO) with a production of 3.51 million tonnes (3.54 mt in 2008) and a world average productivity of 467 kg/ha. Asia and Africa together contribute about 95 per cent of the total sesame production.

India had been the dominant producer till 2007 accounting for almost 25 per cent of the world output, however, lost it to China since 2008 mainly on account of decreasing crop yield attributed to its cultivation in un-irrigated areas, lack of varietal replacement through development of hybrids, vagaries of nature and production losses due to pests and diseases. In 2009, China contributed 17.3 per cent of world output closely followed by India (17.11 per cent) and other countries such as Sudan (9.1 per cent), Ethiopia (5.3 per cent), Uganda (5.1 per cent) and Paraguay (1.9 per cent).

International demand for sesame continues to increase every year. In the last 15 years, world trade of its seeds has increased 79 per cent, surpassing one million tonnes, valuing approximately $1.4 billion.

India, Ethiopia, Sudan, Myanmar, Nigeria and China are the major suppliers while China, Japan, Turkey, Korea and the US are the major importers. Likewise, world's trade of sesame oil was about 41,000 mt in 2008, valuing approximately $145 million.

China, Mexico, Japan, Singapore and India are the major suppliers while the US, the UK and China are the major importers of its oil.

In 2009, India produced 0.601 mt of sesame seeds from 1.87 million hectares as against 0.64 mt from 1.7 million ha in 2008. Gujarat is the largest producer of the crop in India with a market share of 18.42 per cent followed by Rajasthan, Tamil Nadu, Madhya Pradesh, Andhra Pradesh, Maharashtra, Karnataka, Uttar Pradesh, West Bengal and Orissa.

Different varieties of sesame seeds are cultivated in India, both as rainfed and irrigated crop. With the two harvests in India, the crop is available round the year, as the western and southern States produce it as a kharif crop (June-October/November), while the eastern States cultivate it as a rabi crop (November-February/March).

As the production in India is sufficient to satisfy the domestic consumption demand, around 25 per cent of the total production is exported. In fact, India is one of the largest exporters of sesame. Major importing countries include Germany, Turkey, Netherlands, the US, Greece, Israel, China, the UK and the UAE.

The major trading centre in India for sesame seed is the Saurashtra region of Gujarat, whereas sesame oil is traded in Tamil Nadu and Kerala.

Sesame seed is also traded on the major commodity exchanges in India. The growing demand for its edible oil across the globe provides good opportunity for Indian farmers to take up cultivation of this crop and be assured of good market value.

Source: YES Bank

However, dedicated and integrated efforts have to be made to bridge the ever increasing gap between the potential achievable yield (about 1,000 kg/ha) and the average yield (321 kg /ha).

It has been observed that the production potential of sesame is low compared to many oilseeds such as groundnut and soyabean; therefore, hybrids need to be developed to step up yields. There are also reports of cystoplasmic male sterility in the crop which has to be perfected to develop commercials hybrids with improved yield potential.

Its production in India is constrained by insect pests such as leaf eating caterpillar and stem and root rot. Imparting resistance to these pests and diseases will go a long way in enhancing and sustaining the crop production and, therefore, resistance breeding against these maladies needs immediate attention.

One of the major drawbacks associated with its large-scale cultivation is the absence of non-shattering varieties that are amenable to mechanical cultivation and harvesting. Thus, there is an urgent need to develop indehiscent sesame cultivars through appropriate breeding and transgenic approaches.

There is good opportunity to improve extraction methods in India to obtain better quality oil and defatted oilseed meal. Thus, research regarding optimisation of oil extraction and protein preparation and to develop nutritious foods from sesame protein need to be emphasised.(Responses are invited from readers. They may be sent to agribiz@thehindu.co.in)

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Back **Call to innovate, share knowhow for higher farm productivity**

Today, 60 per cent of the population is dependent on agriculture and, therefore, requires great thrust and focus and problems of the sector need to be urgently addressed

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Our Bureau

Hyderabad, Dec. 19

The Union Minister of State for Human Resources, Ms Daggubati Purandareswari, on Sunday expressed the need to innovate, share knowhow and also tap into conventional best practices to ensure consistent high productivity in agriculture.

Deny benefits

She felt that different departments in the Government work in silos and, therefore, deny the benefits of available technology and expertise to the farm community.

Speaking at Padmasri Dr. I.V.Subba Rao Agri Journalism Awards 2010 function, she said, “there are signs to suggest we are going back to the conventional methods of agriculture cultivation as our elders knew solutions to several problems farm sector is faced with.”

“The problems our agriculture faced 60 years ago continue to plague even today. We have not found solutions to them even now. The media should focus on these issues and highlight some of the solutions researchers have managed to find for the farm sector,” she felt.

Mr Jayaprakash Narayan, Lok Satta Chief, said that off late there has been significant progress in the filed of agriculture research and technology.

Biotechnology

Other than biotechnology, there is no technology that can bring about a leap in agriculture production.

Today, 60 per cent of the population is dependent on agriculture and, therefore, requires great thrust and focus and problems of the sector need to be urgently addressed.

Temporary solutions for farm sector problems would not help, as they require long term serious effort and support, he said.

Insurance

Mr Vaddi Sobhanadreeshwar Rao, former agriculture minister of Andhra Pradesh, said it has been 25 years since insurance for the farm sector had been introduced.

The agri awards were presented to representatives from Annadata, Vaartha Padipanta, Doordarshan, AIR, Prasara Bharathi, Rythu Nestham, TV5, Sakshi, Andhra Jyothi Journalism College and to The Hindu.

Mr S. Nagesh Kumar, Bureau Chief, Hyderabad, The Hindu, received the award for development journalism.

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Back **Domestic market shows signs of expanding**

INDUSTRY FOCUS: MARINE PRODUCTS.

India has almost everything it takes to be seafood major.

G. Chandrashekhar

In recent years, as food items, marine products have begun to enjoy excellent consumer acceptance across the world because of their newly revealed health properties (including Omega-3). No wonder the world seafood market has nearly doubled to over $50 billion in the last 10 years and the prospects for sustained growth are rated high. This provides a big opportunity for India to meet the rising consumer demand within the country (driven by rising incomes, population pressure, changing food habits and health consciousness) and of course outside, especially in the developed regions.

Fortuitously, India has almost everything it takes to be seafood major. With over 7,000 km of coastline, three million hectares of reservoirs, 1.4 million ha of brackish water, over

50,000 km of continental shelf area and 2.2 million sq km of exclusive economic zone supplement the country's vast potential for a wide variety of fishes. India is world's third largest fish producing county and ranks second in inland fish production.

Processed fish products

Processed fish products for export include conventional block frozen products, individual quick frozen products, minced fish products such as fish sausages, cakes, cutlets, pastes, surimi, texturised products and dry fish etc. While the marine products export market has tremendous potential, actual exports have displayed erratic pattern from time to time due to adverse market conditions in major industrialised economies as also imposition of barriers by certain importing countries.

Currently, value of export is a little over $2 billion.

While attempts must be made to overcome the world market challenges, it would make immense commercial sense for marine food producers to focus more on the domestic market which shows definite signs of expanding. According to reports on internal disposal pattern, over four-fifth of the country's fish catch is marketed as fresh or chilled, and forms staple food for the coastal population and inland landing centres, while close to six per cent of the catch is used for drying and curing.

Frozen fish production accounts for about five per cent and a similar quantum is used for reduction into fish meal.

Changing lifestyles have also created demand for ‘ convenience foods' that are value-added fishery products of different descriptions covering extruded products, battered and breaded products, surimi and derivatives, pickles and curried products in restorable packing.

The Indian seafood processing industry is well developed with post-harvest infrastructure covering over 215 ice plants, nearly 500 shrimp peeling plants, close to 400 freezing plants, 500 cold storage units and a handful of plants for canning, fishmeal and surimi.

Interestingly, but not surprisingly, about 95 per cent of the country's seafood processing units are concentrated in 20 major clusters in 12 maritime States where fish catches is the highest. Export-oriented units follow quality and risk management systems. There are nearly 230 units approved by the European Union. The EU is the single largest buyer of Indian seafood.

The industry's total installed freezing capacity is well over 7,200 tonnes a day, but fully used only during peak fishing season. Commercial production of 14 major fishery products is destined for over 40 overseas markets. Shrimp production line accounts for two-third of export earnings.

For adequate development of the sector, besides intensifying coastal aquaculture, sea farming, intensification of deep-sea fishing, better management of coastal fisheries with application of principles of sustainability and stock enhancement measures needs to be practiced for maximising the returns. Considering the large-scale processing facilities created and skilled manpower in hand, import of raw material for processing, value addition and export hold good prospects for India, according to experts.

Global competitiveness is the way forward. It may be defined as the ability to produce globally acceptable quality at globally comparable cost. Along with attaining global competitiveness, diversification of products and markets is the key to future growth.

(Responses are invited from readers. They may be sent to agribiz@thehindu.co.in)

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Back **East Godavari rice millers call off strike**

Our Bureau

Kakinada, Dec. 19

Rice millers in East Godavari district started buying paddy from farmers from Sunday, as they decided to call off a strike on Saturday evening after a meeting with district officials.

The decision was announced by Mr D. Bhaskara Reddy, the president of district Rice

Millers' Association. He said the FCI had relaxed norms for procurement of rice, in view of widespread crop damage due to recent cyclones, and the State Government had also given an assurance to address the other problems such as market cess on paddy.

“Therefore, considering the fact the farmers are in great distress, we are calling off the strike. We hope the Government keeps its word,” he said and added that millers had started purchase of paddy from Sunday.

The millers in East Godavari district, which has the highest number of rice mills in the State (more than 550), went on a strike from December 12, mainly demanding the waiver of market cess arrears on paddy.

Purchase centres

Mr M. Ravichandra, the district collector, said the millers had taken the right decision and said the State Government was also opening 58 paddy purchase centres, one for each mandal, to buy paddy from farmers from Sunday. He said in accordance with the directives and guidelines of the State Government, paddy would be procured. Discoloured and damaged paddy would be paid the minimum support price up to 10 per cent, as against the usual 4 per cent, and from then on, there would be a price cut, depending on the damage.

Paddy, damaged up to 50 per cent, would be procured. He said the millers would also buy paddy from farmers in the same way, as FCI would follow the guidelines.

Subsidy

The collector said farmers would also be paid input subsidy of Rs 6,000/hectare, against the usual Rs 4,500 as the State Government had revised the guideline and they would get the amount within a fortnight. He urged farmers not to lose courage and resort to extreme steps, as the district administration would take all steps to help them.

There are unconfirmed reports that already five to six farmers had committed suicide in the district, unable to bear the crop loss.

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Back **Coonoor tea prices improve**

P.S. Sundar

Coonoor, Dec. 19

Homedale Estate teas auctioned by Global Tea Brokers, topped CTC market at Sale No: 50 of the auctions of Coonoor Tea Trade Association when Ganga Sons bought them for Rs 136 a kg.

"Our Broken Orange Pekoe (BOP) fetched this price – the highest among all teas of bought-leaf factories this week. The quality of winter teas will improve further with weather turning colder," Mr Prashant Menon, Homedale Managing Partner, told Business Line.

Vigneshwar Estate got Rs 128, Hittakkal Estate (Rs 125), Shanthi Supreme (Rs 120), Deepika Supreme (Rs 114), Professor (Rs 112), Sree Tea Supreme and Garswood Estate clonal Rs 110 each. In all, 49 marks fetched Rs 100 and more.

Orthodox teas

Among orthodox teas from corporate sector, Chamraj got Rs 190, Curzon (Rs 170), Kairbetta (Rs 154), Havukal (Rs 152), Tiger Hill clonal (Rs 149), Highfield Estate and Prammas Rs 147 each. In all, 40 marks got Rs 100 and more.

Teas worth Rs 1 crore remained unsold as there were no takers for 11.5 per cent of the 15-week high offer of 13.53 lakh kg.

Prices rose Rs 3 a kg generally due to exporters' support. Pakistan bought selectively in a wide range of Rs 54-82 a kg and the CIS Rs 44-71. "Cleaner blacker smaller CTC leaf gained Rs 3-5 a kg and high-priced ones Rs 1-2. But, orthodox leaf eased Rs 1-3 and many invoices remained unsold. Quality primary orthodox dusts gained Rs 5-10. Cleaner blacker bolder CTC dusts gained Rs 2-5, but others lost up top Rs 5," an auctioneer said.

Quotations held by brokers indicated bids ranging Rs 40-45 a kg for plain leaf grades and Rs 80-120 for brighter liquoring sorts. They ranged Rs 51-56 for plain dusts and Rs 90-125 for brighter liquoring dusts.

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Back **Fourth edition of Flower Show**

Coimbatore, Dec. 19

The fourth edition of the Flower Show is scheduled between January 29 and 31 at the Botanic Gardens, TNAU here. It is organised jointly by the Tamil Nadu Agricultural University and Rotary Club of Coimbatore Uptown. The farm varsityis planning an exclusive floral gallery to display flowers imported from Holland, Malaysia and Thailand. The gallery is also expected showcase desi cut flowers and loose flowers.

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Back **Dissector — Sugar at critical long-term resistance**

The Sugar No.11 contract, that is the benchmark for raw sugar ended at 32.5 on December 17. In our April 2010 review, we had mentioned that a decline below 15 levels will drag this contract to 12.5 and then to the subsequent support at 10.5 in the long-term.

We had also mentioned that rally above 21 was needed to signal that the commodity was on the way to sustained recovery. The contract, thereafter, declined and found support at 13 on May 7, just above the key support level of 12.5 and changed direction. Since then, sugar 11 has been on a medium-term uptrend.

It jumped almost 10 per cent in the first week of September, breaking through an important resistance level at 21 and its 200-day moving average positioned around this level signalling the beginning of a sustained upturn. This breakthrough reinforced bullish momentum and took the contract higher to an all-time high of 33.39 on November 11. The recent bout of correction in November reversed from the twin support (short-term support level and up trendline) at Rs 25.3 on November 17. While trending higher, it crossed over its 21 and 50-day moving averages last week and is currently hovering well above them.

Strengthening the medium-term uptrend, the contract surged 11.6 per cent last week and is currently testing the key resistance at 33. The daily relative strength index has entered the bullish zone from the neutral region. Its weekly as well as monthly RSI are featuring in the bullish zone.

The contract is currently testing its previous high at 33. Inability to move above this level can pull it down to the support zone between 25 and 26.5. However, the medium-term outlook will stay positive as long as this support holds. The contract can then move higher to 35 or even 38 over the medium-term. Breach of the 25 support will imply that the contract will decline to 23 or to the long-term support at 21.

If we consider the long-term charts, retracement of the decline from 1980 peak of 45.7 gives us the long-term resistance at 29. Strong move beyond the resistance band between 29 and 33 will imply that this commodity can move towards the 1980 peak over the long-term.