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Chennai, Tuticorin ports to be tapped for horticulture exports

Special Correspondent

Bijay Kumar

MADURAI: The National Horticulture Board (NHB) is working towards tapping the sea route for exports on a larger scale and is right now holding talks with Chennai and Tuticorin ports for horticulture exports.

“We see the Chennai port as a very important link and the same with Tuticorin too. From the cost point of view, the exporters would stand to gain since the ship cargo would be cheaper for them,” Bijay Kumar, Managing Director, NHB, Union Ministry of Agriculture, Gurgaon, has said.

He had an interaction on integrated development of commercial horticulture with various stakeholders at the Agricultural College and Research Institute here on Wednesday.

Mr. Kumar said that the NHB was keen to tap five ports in the country — Chennai, Tuticorin, Kochi, Kandla and the Jawaharlal Nehru Port Trust — to step up exports of horticulture products from respective regions.

“We are talking to exporters also in this regard. Meetings with port officials have been lined up in the next few days and our point of view is that sending through ship is a good option due to cost factor as air-cargo is costly,” he observed.

The NHB chief pointed out that the growers/exporters can decide whether to go for shipment depending on the product. “For instance, fresh fruits and vegetables require different treatment and we will see on the cold storage/container facilities during our discussions with port officials,” he said.

Mr. Kumar had interaction with farmers, bankers, agriculture scientists and mediapersons on the promotional schemes of NHB.

“Philippines has been sending its horticulture products through ships. We are getting consignment loads from different countries via sea route. When other countries are doing that, India also can promote ship cargo in a big way with support from ports instead of just depending on airlifting,” he said.

K. Vairavan, Dean, Agricultural College and Research Institute, and senior faculty of horticulture were present.

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Rs. 19.25 cr granted for crop insurance

Special Correspondent

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PUDUKOTTAI: A sum of Rs.19.25 crore has been sanctioned for Pudukottai district under the crop insurance scheme, said N. Jeevakani, Special District Revenue Officer (Land Acquisition), here on Wednesday.

Presiding over the mass contact programme at Chithakoor village near Avudaiyarkovil, she said the national agricultural insurance company had sanctioned the amount to be distributed to 17 ‘firkas' in the district.

The extent of compensation would be commensurate with the firka-specific damage. The Cooperation Department would shortly ascertain the quantum of compensation to be allotted to each firka. It had been estimated that Aranthangi firka would get Rs.29.32 lakh, she said.

She said the Cooperation Department compensation would be given to paddy cultivators whose ‘samba' crop was damaged. The official said that steps would be taken to repair the roads.

Earlier, she distributed assistance to 189 beneficiaries totalling Rs.12.40 lakh. A free veterinary camp and health camp were held as part of the camp.

Udhayam Shanmugam, MLA; Rajeswari Narendrajothi, panchayat union chairperson spoke.

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Science awareness camps for SHGs and farmers

Staff Reporter

COIMBATORE: The Tamil Nadu State Council for Science and Technology (TNSCST) has chosen K.S.G College of Arts and Science at Singanallur here to hold science awareness camps for self- help groups, farmers and students.

As per the scheme, one college is chosen from each of the ten selected districts and the TNSCST will impart training to all the ten coordinator-colleges.

The college has said in a press release that 100 members from the self-help groups would be selected and trained in various disciplines such as mushroom culture, vermi-composting, gardening, cake and pickles production, first aid, computer applications, installing electronic security systems at offices and homes, embroidery and doll production.

In the second phase, 100 farmers would be selected and trained in drip irrigation, use of nano fertilizers, tissue culture, fish culture, water treatment and other modern farming techniques. In the final phase, training in areas of modern science would be offered to selected Tenth and Plus-Two students.

The training for all the three sections would be provided free of cost. Transportation and lunch would also be provided.

For details, contact R. Vinitha on phone: 98948-01082, 73735-44264, 2574913.

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Rising harvesting cost hits sugarcane profits

Sruthisagar Yamunan

PUDUCHERRY: Despite higher price for their crop and incentives from sugar mills for area improvement, escalating harvesting cost has dented the profits of sugarcane cultivators in Puducherry, who now want the government to increase subsidy for harvesting machines.

According to farmers, the shortage of agriculture labour has led to a steep increase in overall harvesting cost in the region. Unlike crops such as casuarina where harvesting is done by the traders who procure the produce, farmers harvest sugarcane themselves and get neither incentives from sugar mills nor subsidy from the government.

Depending on the produce per acre and the season, the harvesting cost could reach as much as Rs.500 for a ton. Last year, several mills in the Union Territory paid Rs.1,900 per ton for crop with sugar recovery of 9.5 per cent. Therefore, on an average, the total harvesting cost for a ton of sugarcane was almost 25 per cent of the price that it fetched.

According to Ezhumalai, a farmer in Nettapakam commune, the increasing harvesting cost is forcing farmers to give up on sugarcane. “If we give almost Rs.500 for harvest, how do you expect us to make profits? This was the reason why so many of us tried moving to other crops two years ago,” he said.

From last year onwards, sugar mills in Puducherry decided to provide special incentives to farmers who converted to sugarcane. These incentives included free distribution of seeds, free transport to the mills once the crop is harvested and 50 percent subsidy of micro nutrient fertilisers. But despite such efforts, mill owners said that they were only able to sustain the existing area under sugarcane cultivation and not improve it.

“Bearing the harvesting cost will not be profitable for us as we already provide a higher price than the Statutory Minimum Price. Though farmers are encouraged by our incentives, the situation will not improve unless the government intervenes on the labour supply side,” said a mill owner on condition of anonymity. Currently, labour cost per ton of harvest is between Rs.270 and Rs.300, he said. Farmers, on the other hand, want the government to encourage both private and cooperative mills to buy harvesting tools. “Though the government agreed to provide subsidy for the machines, mills do not buy them fearing maintenance cost,” said Rajaram, a farmer. He also said that unless mechanisation is pursued vigorously, sugarcane cultivation will not recover in the Union Territory.

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Like onions for cotton

It is a situation made for good neighbourliness. Pakistan is Asia's fourth largest producer of cotton, but the floods earlier this year caused a significant set back to its cotton output. Cotton production areas along the Indus were severely affected by the flood waters. It is estimated that production of this raw material, which Pakistan both exports and uses for its domestic yarn and textile industry, is likely to record a 14 per cent drop this year. India, on the other hand, expects a bumper cotton crop owing to wider coverage. But heavy and untimely rains in India have affected the onion crop, pushing up prices of the basic vegetable beyond the reach of many pockets. In ideal circumstances, Pakistan and India could have ably helped each other alleviate these shortages. Their proximity and shared borders are tailor-made for this. A couple of consignments of Pakistani onions did land at the Attari border-crossing at the height of the onion crisis in India, helping to bring down the prices. Pakistan is a regular buyer of Indian cotton. It is encouraging that some kind of trade continues between the two countries despite the freeze in ties since the Mumbai terror attacks of November 2008. But the current situation of shortages offers a rare chance for improving relations. That the people on both sides are quick to recognise this was evident in the recent appeal by a representative of the Pakistan textile industry to the Indian government to permit more cotton to be exported across the border than had been fixed. Sadly, neither government seems prepared to move ahead.

A year that held some promise for India-Pakistan relations with several high-level engagements — the meetings between the Prime Ministers at the SAARC summit in Thimpu, between the foreign secretaries and the home ministers before that, and the foreign ministers in June — has ended without any progress. The UPA government's unending troubles over a series of corruption scandals since September may have made it averse to risk-taking behaviour, and talks with Pakistan are unfortunately perceived as falling in that category. There is a possibility that despite the less than cordial ending of the meeting between External Affairs Minister S.M. Krishna and his Pakistan counterpart Shah Mahmod Qureshi in Islamabad, they will meet again in New Delhi to pick up from where they left off. It is a measure of the continuing uncertainty in the relations that no dates are yet set for this meeting. Meanwhile, the two governments will do themselves no harm by making use of other opportunities to work on their relations, even if these take the form of onions or cotton.

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Onion prices

The government's decision to ban onion exports is unnecessary. It will only add more bureaucratic layers and expenditure. As any economist can tell, when the prices in the local market offer more profit than an export market, the producers will redirect their produce to the local market. The producers who hoard their onions know that the shelf life of the vegetables and the volatile prices are short-lived phenomena. Instead of allowing the market to manage itself, the government has interfered with the market dynamics, resulting in the wastage of taxpayers' money.

C.P. Anandasubramanian,Chennai

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It is time we behaved like rational consumers. We should treat the recent increase in the prices of onion as a lesson and punish the hoarders responsible for it. It is true that there is always a natural reason behind the increase in the prices of any agricultural product. But hoarding exacerbates the situation.

We have a tendency to blame the governments for our problems. But no government has a magic wand to solve the problems at once. We should rationalise our behaviour. If we go on buying onion at Rs.70 or Rs.80 a kg, we will keep helping the hoarders earn huge profits. In such a situation, we should minimise, rather stop, buying onions for at least two weeks. The prices will automatically come down.

Rajib Gogoi,Jorhat

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Water to be released for rabi from Jan. 1

Correspondent

MAHABUBNAGAR: Water would be released from January 1 to some 82,000 acres for rabi crop under Jurala and Rajolibanda diversion scheme (RDS) projects in the district, informed Collector M. Purshotham Reddy in a press release here on Wednesday.

The Collector said that water will be released to 41,000 acres under left canal of Jurala project and to 28,000 acres under right canal.

Mr. Reddy said that under RDS project water would be released to the tail end 13,000 acres and if possible another 5,000 acres.

He said that all measures would be taken to speed up the modernisation works of RDS project.

He made it clear that the water would released only up to April 20 and there after repair works to the gates of Jurala project and spill way approach works would be taken up. He asked the farmers to raise only I.D. crops under canals.

The Collector also informed that all arrangements are being made for the State-level science exhibition, which will be inaugurated by the Governor on January 4.

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Banks told to ensure all farmers get loans

Special Correspondent

HYDERABAD: Chief Minister N. Kiran Kumar Reddy has emphasised that official machinery should go to the fields and ensure that bank loans reach farmers, particularly tenant farmers.

Mr. Kiran Kumar reviewed crop loans distribution with Chief Secretary and other officials at his camp office on Wednesday, ahead of the 172 State-Level Bankers Committee meeting at Jubilee Hall on Thursday.

Describing the SLBC meeting as crucial, Mr. Reddy said that all banks would be asked to sanction new loans first to enable the farmers raise fresh crops and follow it up with re-scheduling of earlier crop loans. With Micro Finance Institutions (MFI) having restricted their lending due to regulations, banks should extend loans liberally.

The bankers would also be asked to take responsibility to see that the deserving tenant farmers in the affected districts got the loans. The banks would be requested to reschedule the loans in 607 mandals affected by heavy rains from October end to December this year, Mr. Reddy said. He also requested MPs from the State to exert pressure on the Centre to announce a special package for the farmers at the earliest.

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Jagan to meet Pawar on farmers issue

HYDERABAD: Former Congress MP Y. S. Jaganmohan Reddy left for New Delhi on Wednesday night to call on the Union Agriculture Minister Sharad Pawar to discuss the farmer's plight in the State in wake of recent rains.

Maiden visit

This is the maiden visit of the former MP to New Delhi after resigning his Lok Sabha membership last month. The meeting comes in wake of the successful – ‘Lakshya Deeksha', the former MP had undertaken with over one lakh farmers, weavers and others on the banks of Krishna in Vijayawada earlier this month.

According to close aides of Mr. Jagan, he will meet the Union Minister at 12 noon on Thursday and present a memorandum giving details about the farmer's plight.

To seek aid

He is said to have decided to seek adequate assistance to the farmers, who lost their standing crop due to the unseasonal and heavy rains in several districts in the State.

Politics may figure

Sources said political situation may also crop up during the meeting in wake of Mr. Jagan's announcement about launching his new party some time in February. After his meeting, he is expected to return to the city by night.

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Forum seeks input subsidy for farmers

Special Correspondent

HYDERABAD: City-based Kisan Forum, headed by former Chief Justice of Allahabad High Court A. Lakshmana Rao, on Wednesday represented to Chief Minister N. Kiran Kumar Reddy seeking immediate steps to mitigate the suffering of millions of farmers in the State.

The Kisan Forum in its representation sought payment of Rs.10,000 per acre for paddy and Rs.15,000 for commercial crops as input subsidy, according to a press release issued here.

Paddy purchase

The Kisan Forum wanted liberal purchase of discoloured paddy at reasonable remunerative price, supply of paddy seed to farmers at subsidised rate for the rabi and ‘transparent' disbursal of relief amount.

Suggests measures

Among the long-term measures, the Kisan Forum it suggested setting up of allied cottage industry so as to provide financial support to farmers when crops fail, construction of additional godowns, setting up of a disaster relief fund and advancing of kharif season in the delta areas, the release added.

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Official apathy blamed for high price of onion in retail market

Staff Reporter

Now there is no scarcity of the vegetable in wholesale market, says a trader

BERHAMPUR: Owing to lack of intervention by the district administration and officials of the civil supplies department onion price continues to remain high in retail market even after ample supply, alleged wholesalers.

Onion price at vegetable wholesale market varied from Rs.15 to Rs. 24 per kg on Wednesday. It may be noted that Berhampur happens to be major trading centre of south Orissa. However, the retail price of onion in the city is between Rs. 30 and Rs. 35 a kg. It may be noted that about a week back while onion was sold at Rs. 60 per kg in retail market, its price in wholesale market in the city was Rs. 40 per kg.

According to wholesale trader of onion Pramod Kumar Bisoi, at present there was no scarcity of onion in wholesale market, so there was no question of pressure of demand increasing the price of onion for the consumers. In the last two days more than 17 truck loads of onion reached the city. He said new crop of onion would start arriving in the next few weeks. But the wholesale traders felt unless the authorities take some strict measures to put curbs on the exorbitant pricing of onion in retail market consumers would not benefit.

Even the low grade onion that is priced around Rs.15 per kg in wholesale market is also being sold at high price of more than Rs. 25 per kg in retail market. The wholesale traders said recent fall in onion price in retail market to below Rs. 40 per kig wasonly due to rise in supply and it has no hand of the administration or the civil supply officials. Mr Bisoi said if some measures could be initiated to monitor the onion price in retail market by the administration then consumers of the city can get best quality onion at maximum Rs. 28 per kg in retail market. But for some reasons these authorities have remained silent, they alleged.

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Amid the aroma of medicinal plants

Staff Reporter

Over 500 varieties of herbs are on display at the ongoing Indian Biodiversity Congress.

THIRUVANANTHAPURAM: The Chandrasekharan Nair here resembles a herbarium these days, thanks to the medicinal herbs on display there as part of the ongoing Indian Biodiversity Congress.

Over 500 varieties of medicinal plants — which find mention in the Charaka Samhitha, the oldest Ayurvedic text on internal medicine — are on display. Visitors can see herbs which can be used as remedies for a wide range of diseases and disorders like obesity, arteriosclerosis, Alzheimer's, liver ailments, depression and cancer.

The herbs on display were nurtured by the students of the Pankaja Kasturi Medical College, Kattakkada. Another attraction at the IBC is an exhibition of miniature paintings organised by the National Museum, New Delhi. The museum has brought over 50 paintings on cloth, wood, palm leaves and leather and painted manuscripts and covers on canvas, hardboard and regular wood.According to the organisers of the IBC, the exhibitions seek to highlight the biodiversity heritage of the country and its role in poverty alleviation and sustainable development.

A national photography competition on biodiversity and people and a book fair are also being organised along with a national seminar in 12 sessions.

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FARMER'S NOTEBOOK

When palm oil cultivation is no longer attractive

M.J. PRABU

The Government project on oil palm is destroying the life of many growers

Photo: G. Nagaraja

Feeling the heat:A farmer fells his oil palm plantations as an offshoot of price crash.

On the National Conference on Oil Palm at Vijayawada in Andhra Pradesh (the largest producer in the country), Mr. M.C. Rao, palm oil farmer, Gajapati district, Orissa, stated, “Just like several Government agricultural departments, officials at the conference painted a false, bright, and positive picture about the prospects of the oil palm plantation for farmers taking up this cultivation.”

“As usual the policy makers miserably failed to read the pulse of the farmers regarding the future prospects of this crop. Today many palm cultivators are ruing their decision, because the project devastated many and they accumulated huge losses by cultivating it,” he adds.

Past record

Former Prime Minister late Rajiv Gandhi wanted India to attain self sufficiency in palm oil production as the country during that time imported oil at a huge cost.

The government decided to encourage various forms of edible oil production, and several incentives instituted to attract farmers to take up the cultivation, and a special unit under the Department of Horticulture oversaw the production.

“But in 10 years the project failed miserably and oil palm farmers today have run up huge debts as they continued to grow the trees. The government policy is to be blamed for the fiasco. The price of FFB (fresh fruit branches) in 2008 was Rs. 6,500 per metric tonne and supposed to double in the next year or so. But, unfortunately it dropped to less than Rs. 4,000 in the ensuing years,” says Mr. Rao.

The aggrieved farmers approached the concerned authorities who seemed indifferent to their problem.

Since oil is abundantly available, “purchasing at a cheaper rate,” seems to be their attitude. Their argument, that the country needs to care for 110 crore consumers and not a mere four lakh oil palm farmers seems unjustified. Many farmers are deciding to abandon their existing plantation, and many are removing the trees,” he says sadly.

Caution

“Such a whimsical decision from the authorities can create a serious problem for the farmers,” he cautions.

“The increase in the import of the oil palm will hit the economy as we might not be able to meet the rate demands by foreign countries. Astonishingly, edible oil import cost to the country presently stands at Rs. 26,000 crore per annum.

“This figure will climb further due to reduced oil palm production in the country and an increase in per capita oil consumption,” adds Mr. Rao.

Foreign floods

At present palm oil from Indonesia, Malaysia, Nigeria, Papua New Guinea, Costa Rica, and Mauritius are flooding the Indian markets leaving the local growers in a mess.

“Palm is a product that cannot be consumed by the common man, nor is there any demand for it except for production of oil.

"As the Indian manufacturers buy the oil from other countries at cheaper rates, our farmers cannot meet the competition. While the industry demanded the palm oil seeds at Rs. 4 a kg, we are selling it at Rs. 7 or more per kg to make some profit," he explains.

Same old advice

Experts are advising farmers to go in for inter crop plantation like maize, banana, tubers, and cocoa to get them additional benefits from their fields.

But the farmers who are already squeezed financially are not in a position to accept this for two reasons - namely an increase in investment, and the other being unpredictable attitude of the officers in the agriculture ministry, according to him.

For more details readers can contact Mr. M.C. Rao at Venkatapuram village, Tidigam Panchayat, Kasinagar block, Gajapati district, Orissa, phone: 08946-211026 (res) and mobile: 08895962391.

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A platform for marketing grassroots innovations

Future Group along with along with National Innovation Foundation (NIF), Department of Science & Technology, and Government of India have announced a strategic tie - up to form an innovation lab called "Khoj Lab" that will create and support grassroots innovations and create a marketplace for them.

Future Group is among India's leading business houses and operates some of India's most popular retail chains like Pantaloons, Big Bazaar, Food Bazaar Central, eZone and Home Town, apart from other businesses.

New initiative

In a first of its kind initiative in the country, Khoj Lab will combine Future Group's own consumer insights with products developed by innovators associated with National Innovation Foundation to create affordable and sustainable products that are designed keeping in mind the needs of Indian consumers.

The partnership is also aimed at reducing the seeming immeasurable distance between the market and indigenous innovation. Future Group will also help in creating the market for innovations by carving a market space for indigenous ingenuity. Khoj Bazaar, a space within Big Bazaar will be created to let the consumers buy into not just the products but also the idea of indigenous innovations.

Impact on consumer

This space will carry the thrill of being a part of a larger idea. It will be a brand with constantly refreshed lines of products. Khoj Bazaar will make innovation earthy, real and immediate in the impact it has on consumer lives.

Khoj Lab will support and incubate grassroots innovations with the focus on perspective building, innovation spotting, design and market integration.

Announcing the tie – up, Ms. Ashni Biyani, Director, Future Ideas, Future Group said, “Our aim is to create demand for the products developed by the Honey Bee Network supported by NIF by leveraging the retail network we have developed across the country.”

“NIF has excelled in supporting Indian innovators who develop products that are uniquely designed for Indian consumers. And by creating a large enough market for these products, we will make these products commercially viable as well as encourage innovation, create income and generate employment for a vast number of people across the nation.”

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FARM QUERY

Exotic vegetables Where can I get guidance on growing exotic vegetables?

Sunitha Jain,Mumbai

Demand-driven exotic vegetables production is suitable for the farmers as they have assured market through contract with consumers.

You can contact Mrs. Vanita who is cultivating about 25 vegetable varieties like parsley, red cabbage, broccoli, Leek, cherry tomato and markets them to big hotels. Skilled labour is required for cultivation of these vegetables. Presently, a group of 100 farmers is cultivating these exotic vegetables from different villages in the vicinity.

For more details you can contact Mrs. Vanita Murlidhar Gunjal, post Kandli, Taluq Junner, District Pune, Maharashtra, Mobile : 09860226085.

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http://www.thehindu.com/thehindu/seta/2010/12/30/stories/2010123050221500.htm

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Flower colour

PHOTO: K.R. DEEPAK

Why are flowers not black in colour?

R.M. MAMDHA Tiruchirappalli, Tamil Nadu

Sunlight is usually known as white light, which is a combination of all the colours. When sunlight shines on an object, some of the light is absorbed, whereas the remaining light is reflected by the object. This reflected light gives the colour for that object.

Most flowers in nature are varyingly and brightly coloured. The colour of a flower depends on the absorption and reflection of certain colours by the petals of that flower. Most of the plant parts including flower petals contain various pigments such as chlorophyll, carotene, anthocyanin, etc.

These pigments, depending on their concentration, absorb certain wavelengths (colours) of a white light, and reflect the other wavelengths, which in turn gives the colour to a plant part. The red rose petals contain anthocyanins, which reflect mostly the red colour with a little blue or violet colour, thus giving the red colour to the rose petals.

The white flowers may have the pigments or air spaces in the petals, which reflect the entire white light shining on them and thus giving the white colour. The black colour is just an opposite phenomenon to white colour. In this case, the object (flower petal) has to absorb the entire white light shining on it and thus giving the black colour to that object.

The brightly coloured flower is an essential part for most plants, since they have to attract the pollinators. It is rare to have a black coloured flower in nature. Pollination is an important process in a plant's lifecycle, since its reproduction depends on this process.

Insects such as bees, butterflies, moths, beetles and flies are well known pollinators. The brightly coloured flowers attract the insect pollinators, which ensure their eventual fruit and seed setting. Moths are active during the night time, and hence most of the night blooming flowers which are pollinated by moths produce white or pale coloured flowers. Thus the flower colours, although they are not the only factor in pollination process, have a long co-evolutionary relationship with their insect pollinators, and hence most flowers are varyingly coloured, but not black.

DR. R. SRINIVASAN ,*Entomologist and Head of Entomology Group,AVRDC —The World Vegetable Center,Tainan, Taiwan*

hindustantimes

Thu,30 Dec 2010

Weather

Chennai - INDIA

Today's Weather

Partly Cloudy

Thursday, Dec 30

Max	Min
28.8°	20.7°

Rain: 00 mm in 24hrs	Sunrise: 6:28
Humidity: 62%	Sunset: 17:49
Wind: Normal	Barometer: 1010.0

Tomorrow's Forecast

Rainy

Friday, Dec 31

Max	Min
28°	22°

Extended Forecast for a week

Saturday	Sunday	Monday	Tuesday	Wednesday
Jan 1	Jan 2	Jan 3	Jan 4	Jan 5
27° | 22°	25° | 22°	26° | 24°	27° | 24°	26° | 24°
Rainy	Rainy	Cloudy	Rainy	Rainy

THE ECONOMIC TIMES
Thu, Dec 30, 2010 | Updated 09.15AM IST

30 Dec, 2010, 12.41AM IST, S Sanandakumar & PK Krishnakumar,ET Bureau

Export earnings from seed spices may go up

KOCHI: The coming years might see a spurt in the export earnings from seed spices despite the fact that export earnings from this category have been witnessing a mixed trend during this year.

The expected boom is on account of the Spices Board's new initiative to focus on value addition from this sector. "Some of the spice parks that we have been building will focus mainly on seed spices," the board chairman VJ Kurien told ET. The spice park coming up in Jodhpur is primarily with an objective of higher value-addition to cumin.

Coriander will be the focus area in the spice park at Kota in Rajasthan. In Guna at Gujarat all the seed spice items like fennel, fenugreek, coriander and cumin would be given prominence, Mr Kurien said. The spice parks will lead to better cleaning and grading of spices. This will in turn help better value-addition, he said.

30 Dec, 2010, 12.35AM IST, S Sanandakumar,ET Bureau

Rubber to remain highly volatile amid supply woes

KOCHI: After a year that saw natural rubber prices surge to record levels, consumers of the commodity would like to believe that the worst is over.

In fact, the key stakeholders in the sector are of the view that supply uncertainties and price volatility would turn out to be a rule rather than an exception in the year ahead.

The domestic prices of natural rubber rose by almost 50% to a record high of `207.50 per kg on last Thursday compared to the same period of the previous year. Supply concerns, both at the global as well as domestic levels, were the major factors behind the sharp acceleration in prices.

Even as the industry hopes that normalcy would return to the overheated rubber market across the world, there is a growing concern about the difficult days ahead. “2011 is likely to be yet another challenging year for natural rubber consumers,” said Neeraj Kanwar, vice chairman and managing director of Apollo Tyres. According to him, while in the short-term “the limited supply of natural rubber will cast a shadow on the price front, its long-term availability will be a key concern which needs to be addressed on priority”.

The supply uncertainties of rubber, a key industrial raw material, have been aggravated by the climatic changes happening across the key producing countries. A prolonged spell of rains disrupted production in India this year, leading to tight supplies and rising prices. Internationally, leading global producers like Thailand and Indonesia also had to cut back on production due to heavy rains and floods.

“2010 was a difficult and abnormal year,” said Rajiv Budhraja, director general of Automotive Tyre Industries Association (ATMA), adding that he hoped the coming year would be “balanced and normal”. “We hope that what has happened in 2010 would get corrected in 2011,” he added.

But not all are optimistic about the restoration of normalcy in the near future. Kottayam-based analyst and trader Biju John, proprietor of CPM Spices Corporation, said that the “rubber sector is entering the new year with low stocks”. According to him, “if changing climatic conditions lead to cut backs in production in 2011, the prices could go through the roof."

CP Krishnan, director of Geojit Comtrade Ltd, a leading broking company, also said that "climatic factors and demand conditions could be the price setters in the coming days". According to him, the international prices have shot past the domestic prices, making it all the more difficult for the user industries in the country. The estimated shortfall in supply during this fiscal is around 85,000 tonne.

Meanwhile, the government has allowed the industry to import 40,000 tonne at a concessional duty of 7.5% by March 31. After that the duty has been capped at 20% or `20 per kg. This has been the industry's demand for a long time. However, currently, the international prices are higher, making imports unviable. The industry hopes to contract imports early next year for meeting the requirements for the lean season starting April. But the uncertainties in supply could send the industry's calculations haywire.

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Onions halt diesel price hike plans

Dec 30 2010

New Delhi, Dec. 29: If you were worrying about a hike in diesel and cooking gas prices, you can afford to relax, for now. The government is unlikely to hike these prices while consumers are already struggling with the spike in prices of everyday commodities such as the onion.

A meeting of empowered group of ministers (EgoM), which was due on Thursday to discuss a diesel price hike, has been postponed.

However, the largesse would mean higher losses for public sector oil firms — which could interfere with the follow on issues of companies such as Indian Oil.

Recently, customers have raised huge hue and cry over the prices of onion and tomatoes.

Any hike at this juncture in diesel price, the government felt, will further increase the costs of food products as cost of transportation will go up.

The government was mulling over increasing diesel and LPG prices as global crude oil is hovering over $90 per barrel.

Currently, state-run oil marketing companies are incurring a loss of `6.08 on every litre of diesel. The PSUs were losing `17.72 on the sale of a litre kerosene and more than `270 on every 14.2 kg domestic LPG cylinder.

The three state-run oil marketing companies — IOC, BCPL and HPCL —are projected to end the fiscal with a `68,361-crore revenue loss on the account of the sale of diesel, domestic LPG and kerosene below cost.

Meanwhile, the Planning Commission deputy chairman, Dr Montek Singh Ahluwalia, on Wednesday pitched for the deregulation of diesel prices. “I think diesel prices need to be aligned with global prices as soon as possible... (A hike in diesel) prices cannot be delayed from what is happening in global world... Delayed by a week or by two weeks (not a solution)... Not raising diesel prices do have a cost... Oil companies make big losses,,” he was quoted as saying by the agencies.

The government had recently deregularised the price of petrol to reflect the market prices.

He was reported to have raised alarm over the effect of subsidies on the oil companies ability to invest in development of oil supplies. “If the government,” Dr Ahluwalia, “would have to subsidise and if the government does that then fiscal deficit will go up.”

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Business Standard

Thursday, Dec 30, 2010

Local coffee price climbs to new high

Newswire18 / New Delhi December 30, 2010, 0:55 IST

Coffee prices in the domestic markets touched an all-time high on Wednesday tracking global markets, and were likely to have an effect on domestic coffee consumption pattern, especially in North India, traders and growers said.

Prices of arabica coffee rose to Rs 244 a kg at the Indian Coffee Trade Association auction in Bangalore from Rs 240 on Monday. Prices were likely to rise further mainly on supply concerns in international and domestic markets, they said.

Traders say this is a record price for this variety, which is used in coffee blend for consumption in domestic markets.

"After arabica plantation coffee is blended (with robusta), prices go up to Rs 350 a kg, when supplied to coffee traders in North India. Traders there are not ready to make any purchase at this level," P Sureshbabu, proprietor of Bangalore-based Chaitanya Coffee said.

Raw arabica parchment in the domestic market was trading at Rs 9,200 per 50 kg, up from nearly Rs 7,900 a month ago. Similarly, raw arabica cherry was trading at Rs 4,750 a 50 kg, up from around Rs 3,800 last month, traders said.

“Coffee growers are holding back arabica stocks on hopes it may touch Rs 10,000 per 50 kg,” Sureshbabu said.

Traders also fear rising prices may bring domestic coffee consumption down, especially in North India, a market that is seen driving up demand in the days to come. People in this region have traditionally preferred tea over coffee, but are now taking up coffee in increasing quantity.

He said, “Domestic coffee consumption pattern, especially in the growing North India market, may take a hit due to the record rise in prices.”

Traders blamed growers for stocking their produce on expectation that prices may firm up further.

Poor margins keep traders away from pulses imports

Newswire18 / New Delhi December 30, 2010, 0:53 IST

Importers halted bulk booking of pulses due to dwindling margins on sales in the local markets, industry players said on Wednesday. The appetite for imports has also been hit, with India likely to harvest a bumper crop this year.

“We have stopped bulk bookings at the moment. There is a huge difference between global and domestic pulses prices,” said K C Bhartiya, president, Pulses Importers’ Association.

Bhartiya said private importers had been facing huge losses importing at high prices and selling it cheap in the local market.

He said international prices were high as exporters were trying to cash in on India’s need for pulses.

Saket Singhal from Kolkata-based private importer P P Enterprises said there was a difference of around $100 per tonne between domestic and global prices.

According to Singhal, yellow peas, the most-commonly imported variety, costs around $420 a tonne or around Rs 19,000 a tonne, cost and freight basis, while at Mumbai port it is quoting at Rs 16,500 a tonne.

Prices of tur for delivery at Mumbai port are around Rs 34,000-35,000 a tonne compared with local market price of Rs 31,000-31,125.

Urad import costs around Rs 43,000 a tonne compared with the local price of Rs 40,000-40,750 a tonne.

“Indian importers have contracted 2.2-2.5 million tonnes pulses so far,” Jay Khandhar, director of US-based JP Westam Export Inc, said adding orders had fizzled out in the past one month.

“Domestic prices of pulses have fallen on expectations of higher output. Also there are unsold stocks lying in the market which have dampened import demand temporarily,” Prakash Goenka, director of Mumbai-based importer U Goenka Sons Pvt Ltd.

Goenka said since prices of the commodity had risen considerably last year due to lower output, importers had booked huge quantities earlier this year anticipating same level of demand.

India is hopeful of harvesting a record 16.5 million tonnes of pulses in the current crop year, against 14.5 million tonnes in 2009-10.

To feed the country’s billion plus population, total pulses requirement is at over 20 million tonnes, which the government meets by regular annual imports of three-four million tonnes.

On Tuesday, the Centre, in a bid to rein in rising food inflation, allowed duty-free pulses import till Mar 2012.

“Tur prices, which touched record $1,250 a tonne last year, led to higher cultivation in Malawi and Mozambique. However, due to negligible import enquiries from India, the African suppliers are ready to sell tur at $550 a tonne, much below the minimum support price,” said Joy David, director of Navi Mumbai-based S R Intertrade. “The scene has changed this year and the earlier imported stocks are lying unsold,” he said.

In the last three months, tur prices have fallen from Rs 40,000 a tonne to Rs 30,000.

Analysts said prices of tur could have fallen to as low as Rs 25,000, but for the Centre-mandated support price of Rs 30,000 a tonne.

Not only private importers, government agencies have also slowed down pulses imports despite being subsidised by the Centre.

“Global prices (of pulses) are very high. We have been asked to go slow on imports for a while,” a senior government official said.

The official said the Centre had earlier mandated state-owned importing agencies to source around 1.5-2.0 million tonnes pulses from overseas in the current financial year, as output was lower than demand.

According to the latest estimates, State Trading Corp has imported around 150,000 tonnes of pulses till date since April.

MMTC has bought 60,000 tonnes of pulses, while PEC has contracted 300,000 tonnes.

“This is nowhere near the 1.5-2-million-tonne mark that we were asked to do,” said an official with a state-owned importing agency.

Since the government subsidised imports, higher international cost would increase the financial burden, the government official said.

The Centre reimburses up to 15 per cent losses incurred by the trading houses on the sale of imported pulses in the local markets.

It also gives a subsidy of Rs 10 a kg to state agencies for selling the imported pulses to states under the public distribution system.

Govt mulls export of non-basmati rice priced above $850/tonne

Newswire18 / New Delhi December 30, 2010, 0:52 IST

The government was considering a proposal to ease the ban on export of non-basmati rice and might allow overseas sale of premium varieties priced over $850 a tonne, a senior government official said on Wednesday. “The commerce ministry is strongly pushing for easing the export ban on non-basmati rice, as domestic supplies are good this year,” the official said.

He said the ministry had proposed that exports should be allowed, but above the floor price of $850 a tonne to ensure only the premium varieties, which are not procured by the government, gets exported.

State governments have been asking the government to allow export of premium non-basmati rice varieties such as ponni, sona masuri and red matta. Agriculture Minister Sharad Pawar had earlier this month said he had received request from three states – Andhra Pradesh, Karnataka and Kerala – to permit export of select non-basmati rice.

Edible oil prices likely to rise 10% early next year

Dilip Kumar Jha / Mumbai December 30, 2010, 0:50 IST

Domestic edible oil prices are likely to rise 10 per cent in the first quarter of the calendar year 2011 on firm global guidance, narrowing the gap with the global prices.

Prices in the global market have risen 60-65 per cent in the last one year, while domestic prices increased a marginal 10-12 per cent due to excess availability through high imports.

Prices of imported RBD palmolein at Mumbai port rose a staggering 57 per cent to $1,255 a tonne on December 24, as against the average of $798 a tonne in December 2009. Similarly, crude palm oil (CPO) import price rose 63 per cent to $1,225 tonne from $753 per tonne, while sunflower oil surged 47 per cent to $1,400 a tonne from $952 per tonne.

Palm oil futures in Bursa Malaysia rose to fresh 33-month high at 3,792 ringgit in the intraday trade on Tuesday, triggered by prospects of erratic weather hitting vegetable oil supplies.

Heavy rain during the monsoon season hampered the harvesting of palm fruits and made transportation to refineries difficult in Malaysia and Indonesia, the world's two largest palm oil producers. Dry weather in Argentina has slowed plantings and could prevent soy crops from normal development.

But, edible oils in the domestic market remained comparatively stable. For instance, groundnut oil price perked up 11.58 per cent to Rs 76,000 a tonne on December 24, as compared to the average of Rs 68,115 a tonne in December last year. Similarly, rapeseed oil, refined soya oil and refined cottonseed oil jumped 7.6 per cent, 21.92 per cent and 26.26 per cent to Rs 59,000, Rs 57,500 and Rs 56,800 a tonne, respectively.

However, refined sunflower oil rose sharply by 40 per cent to Rs 66,000 a tonne on December 24 from Rs 46,908 a tonne average in December last year due to lower output.

Meanwhile, the cost of imported crude and refined edible oil may rise further, as the Indonesian government has raised the export duty to $223.70 a tonne effective January 1, 2011, from $150 a tonne now.

India imports large quantity of crude palm oil from Indonesia due to quantitative restriction imposed by the Malaysian government.

Though, Indian vegetable oil importers are looking at alternative source, including Malaysia, the cost of import may rise if supply routes through any third country.

The rise in cost of transport would translate into nearly 10 per cent increase in edible oil prices, said B V Mehta, executive director of the Mumbai-based trade body Solvent Extractors' Association (SEA).

Subscribing to his view, Satyanarayan Agarwal, chairman of the Central Organisation for Oil Industry & Trade (COOIT), said, "Erratic weather in major producing countries, including Malaysia, Indonesia and Argentina, has affected the current year's crop. This is expected to reduce overall availability of edible oil globally."

If weather continues to remain favourable, India's overall edible oil availability will increase to seven million tonnes this season, as against 6.2 million tonnes in the previous year.

With the increased acreage under rabi oilseed, total mustardseed output is estimated at seven million tonnes this year, as against 5.8 million tonnes last year.

Growers oppose ban on onion exports

Tushar Pawar / Nashik December 30, 2010, 0:46 IST

Onion growers in Nashik, the epicentre of the commodity's output in the country, oppose the government's ban on its export, fearing more of a decline in prices if the bar continues.

On Wednesday, the average wholesale price came down to Rs 1,900 a quintal in the Lasalgaon wholesale centre, 50 km from here and the country's largest, against Rs 2,351 a qtl yesterday. In the retail market here, good quality onion was sold out at Rs 35-40 a kg, while the smaller size was sold out at Rs 20-25 a kg.

Farmers' association spokesmen say export declined by 21.15 per cent to 1.025 million tonnes over the first nine months of the current year, 2010-11, against 1.3 mt of export during the same period last year.

"The produce has come down to five to nine quintals per acre due to the unseasonal rains that had badly damaged crop in Nashik district. Growth costs were Rs 25,000 per acre. Onion prices have already started declining in wholesale markets in the district after the export ban and are expected to fall more if the ban continues, as arrival of new crop will begin to a large extent in the next three-four weeks," they told Business Standard.

Shankar, a grower, who sold out his commodity in the Lasalgaon market on Wednesday, said: "I had expected a better crop this season, but unseasonal rains shattered my hopes. I got very low produce, of 52 quintals on six acres and total expenses were Rs 1.25 lakh. I sold them at Rs 1,700 a qtl, amounting to Rs 88,400. I suffered a net loss of Rs 36,600."

"Arrival of new crop has already begun in Gujarat and Karnataka. Around 15,000 quintals are being sold out daily by farmers at the wholesale market in Mahuva (Gujarat) and 7,000 qtls a day at Hubli (in Karnataka). In Maharashtra, regular arrival of new crop is expected to begin in the next three-four weeks," C B Holkar, Director, National Agricultural Co-operative Marketing Federation of India, told Business Standard.

"Onion export is expected to fall by 33 per cent to 1.2 mt in the current year, against 1.8 mt last year. Export has decreased by 275,000 tonnes to 1.025 mt in the first nine months of the current year, due to lower supply of crop," he added.

Milk powder prices hit all-time high

Ajay Modi & Kalpesh Damor / New Delhi/ahmedabad December 30, 2010, 0:42 IST

'Rise in prices needed to make milk remunerative for farmers'.

After onions, it is now the turn of milk and milk products. Skimmed milk powder prices have touched an all-time high of Rs 165/kg, following the recent increase in milk prices. Milk is a major component in the food basket and has a weight of 4.37 per cent in the wholesale price index (WPI).

"This is an all-time high price, though there is negligible export. There has been a price increase of Rs 15-20/kg since pre-Diwali," said Kuldeep Saluja, managing director, Sterling Agro, which sells milk powder under the Nova brand. In the past, the government had banned milk powder export to control rising prices.

Gujarat Co-operative Milk Marketing Federation (GCMMF), which owns and markets the Amul brand of dairy products, has just raised milk prices by up to Rs 2 a litre, though the winter season usually sees higher procurement. It is in this season that powder stocks are built to cater to the milk demand in summer, when output is hit. Before Amul did so, the capital's biggest milk retailer, Mother Dairy, also increased its price, by Re 1 a litre.

Producers point to an increase in input cost. "If we want milk production to increase, we will have to pay, else farmers will move away from dairy farming and, like edible oil, we will have to depend on imports to meet domestic demand," said R S Sodhi, managing director, GCMMF. He did state, though, that no price increase would be required for at least the next six months.

Sodhi said the cost of labour, fodder and fuel had all gone up and an increase in milk price was required to make it remunerative for farmers. “India can produce much more milk, provided a remunerative price is given to farmers,” he said.

According to Amul, India’s annual milk production is around 110 million tonnes, about the same as demand. “The demand is growing by five to six per cent annually and we will have to increase the production by the same percentage to match it,” added Sodhi.

Earlier, a milk price rise used to take place only once a year. However, Amul has revised retail prices thrice in 2010, saying it was needed to encourage farmers to increase production, by paying them affordable prices.

Saluja said the government needs to review some policies. It had, he said, allowed duty-free import of 30,000 tonnes of skimmed milk powder and 50,000 tonnes of butter oil in the current year. Yet, it was providing DEPB benefit (an export incentive) to casein exporters, whose raw material was milk. Saluja says around three million litres of milk are being converted daily to produce casein, primarily for export.

High vegetable prices may spice up hotel menus

Rutam Vora & Lakshmi Ajay / Mumbai/ Ahmedabad December 30, 2010, 0:41 IST

The recent upsurge in vegetable prices including onion and garlic has left Gujarat hotel industry in jitters as margins have started shrinking amid higher prices, which may prompt them to hike prices on the menu.

Most of the hoteliers are not willing to shift the cost burden to the consumers, but a sustained hike in prices may lead to an upward revision of menu prices. "We have more or less maintained the same price point which is that of Rs 475 in our inclusive dinner buffets so that more people could come and try out our food. We include a lot of imported vegatables and pastas in our menu and with the food inflation at an all time high, we did not want our quality to suffer. So we have increased our dinner buffet to Rs 525 and revamped the menu so that we can continue with to give our customers the same quality with a difference," says Anang Chaturvedi, Director of Sales, Courtyard by Mariott.

But there are mixed views and the mood is far from being upbeat. "The recent price hike in vegetables; mainly in onions and garlic, has badly affected the hotel industry. The economic viability is fading away and profitability is shrinking. However, presently there are no chances of price hike on menus. Hotels cannot change the prices every now-and-then. But if the situation remains unfavourable, the hotels may take a call on price hike," said SP Jain, former president, Hotels and Restaurant Association of (Western India).

However, in the wake of falling arrivals in the market place, the prices of key vegetables including onions are feared to rise again. A market source at Ahmedabad informed, "So far, the onion prices have fallen from the peak of Rs 1200 per 20 kg to around Rs 850 per 20 kg in past one week. But the arrivals are very thin with around 8-10 trucks (weighing around 10 tonnes each) at present. This may fall in coming weeks and jack up the prices further."

An official from Chimanbhai Patel Agricultural Produce Market Committee (APMC) in Ahmedabad has informed that the market has daily arrival of onions of about 18 trucks against the 35 trucks in the regular season.

"Recently, most of the arrival comes from Saurashtra, which is priced at around Rs 350 to Rs 750 per 20 kg, while Maharashtra arrivals are thin and priced at Rs 350 - Rs 800 per 20 kg," informed the official.

The vegetables costs hold around 40per cent of the total food cost for the hotels. While most of the hoteliers buy onions and garlic through traders and commission agents, some of them prefer buying directly from the market place (mandi). "Usually, we procure most of the vegetables through vendors. But at times, we do purchase directly from market place," informed an Ahmedabad-based hotel operator.

Speaking on the possibility of price rise by the hoteliers, a Vadodara-based hotel operator informed that the prices were making a dent in the profits and this might get worse if things did not come to normal in near future.

"Usually, we revise our menu prices annually, but given the high price scenario we are facing tremendous cost pressure," said Ashwin Gandhi of Express Hotels, which has three-four star hotels in Vadodara and Jamnagar. Only the coming weeks will decide the fate of the burgeoning food industry of Gujarat.

Sugarcane farmers demand compensation

BS Reporter / Kolkata/ Berhampur December 30, 2010, 0:35 IST

The sugarcane growers in south Orissa's Ganjam district, on Wednesday, urged the visiting Central team to make relief provisions for them like the paddy cultivators.

Along with paddy and other crops, sugarcane cultivation in hundreds of acres was damaged due to the untimely rains in the district in the first week of this month, the Ganjam District Sugarcane Growers Association told the four-member Central team, who visited the district.

The four-member team led by Pankaj Kumar, joint secretary, Union ministry of agriculture, toured several rain-hit areas to assess the crop damage in the district. The team visited Kukudakhandi, Hinjili, Sheragada, Aska and Bhanjanagar blocks in the second day of his two-day tour to the district.

Another official team of the Central government toured Bargarh district after completing their visit to Bolangir district. "We have apprised the visiting team on the plight of the sugarcane growers in the district and have pleaded for assistance from the Centre to the sugarcane farmers who have suffered loss due to the unseasonal rains", said Samir Pradhan, general secretary of the association.

Sugarcane cultivation was done on around 3600 hectares of land in the district. However, the loss of sugarcane has not been assessed by the agriculture department so far, sources said.