THE HINDU

Online edition of India's National Newspaper

Saturday, November 13, 2010

Date:13/11/2010 URL:
http://www.thehindu.com/2010/11/13/stories/2010111351390500.htm

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## Vegetables pictures on chilli powder packs not misbranding: court

Staff Reporter

MADURAI: Printing pictures of vegetables on packets containing products such as chilli powder and cooking oil cannot be termed ‘misbranding' which would warrant prosecution against manufacturers, dealers and vendors under Prevention of Food Adulteration Act, the Madras High Court has ruled.

Allowing a criminal original petition, Justice G. Rajasuria said: “In the case at hand, it is clear that the petitioners have been selling the chilli powder in a packet displaying the pictures of tomato, carrot, fenugreek, coriander, etc., so as to point out that the said chilli powder can be used for cooking such vegetables.

“In such a case, by no stretch of imagination or even by phantasmagorical thoughts, it cannot be taken as misbranding. Accordingly, the proceedings initiated by the Food Inspector of Karur Municipality by filing a complaint against the three petitioners before the Judicial Magistrate-I have to be quashed.”

The judge also cited the Supreme Court ruling in Parakh Foods Limited's case (2008).

Date:13/11/2010 URL:
http://www.thehindu.com/2010/11/13/stories/2010111366300600.htm

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Expo to expose farmers to latest technical know-how

Special Correspondent

THANJAVUR: An five-day agriculture exhibition will be organised in Thanjavur in the second fortnight of January, 2011 under the central Government sponsored Agriculture Technology Management Agency (ATMA) scheme, said M. S. Shanmugham, District Collector, here on Friday.

Speaking at a meeting to review the progress of ATMA schemes in the district, the Collector said that the exhibition will provide an opportunity for farmers to know about various technologies, agriculture equipment, inputs etc.

Demonstrations of various methods of agriculture will also be conducted at the expo. Farmers from eight districts of Thanjavur, Nagapattinam, Tiruvarur, Karur, Pudukottai, Ramanathapuram, Sivaganga, and Perambalur will take part in the exhibition.

The Collector said that the target fixed for samba cultivation will be achieved this year in the district. ‘Rajarajan 1000' method of cultivation is becoming popular among farmers.

Transplanters for transplanting seedlings under the method can be hired from Cooperative institutions or agriculture engineering departments.

Under National Food Security scheme, irrigated pulses will be raised on 1000 hectares of land in Orathanadu, Thiruvonam and Pattukottai areas in the district. Subsidy will be given to farmers for this.

Sivaji, Joint Registrar of Co-operatives; G. Ramadoss, Deputy Director of Agriculture (central schemes); S. Rajkumar, Deputy Director of Agriculture (state schemes); Chandrasekaran, Head of Soil and Water Management Research Institute, participated in the meeting.

Date:13/11/2010 URL:
http://www.thehindu.com/2010/11/13/stories/2010111365290300.htm

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District farmers reeling under mealy bug attack

S.Ganesan

— PHOTO: R.M. RAJARATHINAM

Scrounging : Tapioca plants affected by mealy bugs in Tiruchi district.

TIRUCHI: The widespread mealy bug attack in tapioca and other crops continues to be a major worry for a large number of farmers across Tiruchi district as they are faced with the prospect of drastic fall in yield.

In several parts of the district, tapioca, chilli, guava, betelvine, papaya, brinjal and other vegetable crops could be seen with a coating of white powder, a manifestation of the extensive attack by the bug.

Tapioca, worst hit

Tapioca growers have been the worst hit. A minimum yield of 10 tonnes could be expected in an acre, though several farmers achieve much higher productivity. But this year, the yield is likely to be less than five tonnes, they said.

“The situation is pretty bad in Manapparai and Vaiyampatti areas. The bug attack has resulted in a drastic fall in yield by over 50 per cent,” observed A.Karuppanan, organiser, district farmers wing of the Dravida Munnetra Kazhagam.

Though the Horticulture Department in association with scientists from the TNAU's Anbil Dharmalingam Agricultural College and Research Institute had conducted a few camps to sensitise tapioca growers to the methods of countering the bug attack, farmers said that the measures advised by the officials have proven ineffective.

“No amount of spraying of chemicals has helped control the bug. On the other hand, it has been spreading virulently and we fear it may even spread to paddy.

Hundreds of acres of tapioca, guava, papaya and vegetable crops in Musiri and surrounding blocks have been affected,” said P.Ayyakannu, State general secretary, Bharathiya Kisan Sangam.

‘Extend assistance'

The bug attack has already given rise to a clamour for compensation from government.

‘The government should sanction compensation to the affected farmers and also extend assistance to them in switching over to other crops,” said Siva.Suriyan, district secretary, Tamil Nadu Vivasayigal Sangam.

Last month, district officials said tapioca crop in 847 hectares have been affected by the pest attack.

But farmers consider this as a gross underestimation and contend that crops in thousands of acres have been affected.

Mr.Karupannan appealed to the district administration to conduct a thorough survey at the village level to assess the extent of damage so that affected farmers benefitted if and when the government decides to sanction compensation.

Horticulture Department officials conceded that the bug attack, if left unchecked, could result in a severe loss of yield.

They insisted it was essential that farmers take up integrated measures simultaneously to control the spread of the bug.

Officers said that the bug attack would subside if there were heavy rain, but farmers report the rain has been only moderate so far and has not helped in controlling the spread of the bug.

The TNAU, officers said, has developed a parasite to counter the spread of the bug and the process of its multiplication was currently underway.

The parasite is expected to be released in a few villages soon, they said. Farmers await the move with mixed feelings of anxiety and hope.

Date:13/11/2010 URL: http://www.thehindu.com/2010/11/13/stories/2010111366260600.htm

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Training in operating farm machinery

Special Correspondent

TIRUCHI: Six training programmes in operation of farm machinery would be conducted in the district during the current year with financial assistance from the Central and State governments, Collector Mahesan Kasirajan has said.

Eligibility

Farmers and rural youth in the age group of 18 to 40, literate in Tamil, are eligible to participate in the trainings. Twenty persons would be trained in each programme, he said in a press release here.

Stipend provided

Trainees would be provided stipend and one-time return bus fare from their place of residence to the venue of the training.

Interested persons could contact the Offices of the Assistant Executive Engineers, Agriculture Engineering, at Kottapattu in Tiruchi; Parvathipuram in Musiri and Paramasivapuram in Lalgudi for details, the press release added.

Date:13/11/2010 URL:
http://www.thehindu.com/2010/11/13/stories/2010111351870700.htm

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## Earnings up with drip irrigation in Tuticorin

Staff Reporter

*Farmers pleased; 65 p.c. subsidy being offered for crops*

— Photo: N. Rajesh

**Advantageous:The officials of Horticulture department inspecting a farm at the Kayathar block in Tuticorin district.**

Tuticorin: In a bid to encourage horticulture farmers in Tuticorin district, 65 per cent subsidy is being provided for drip irrigation to all horticultural crops including flowers, vegetables and fruits.

A team of officials including Deputy Director of Horticulture, M.Syed Ahamed Miranji, Tuticorin, D.Nagarajan, Assistant Director of Horticulture, Kayathar, S.Raja Mohamed, Assistant Director of Horticulture, Vilathikulam and R.Avudaiappan, Horticultural Officer, Kayathar, assessed the plant growth and performance of the drip irrigation systems in Kayathar.

During the inspection they interacted with the farmers, who adopted drip irrigation method in various crops under the subsidised scheme of precision farming dovetailed with microirrigation scheme in four hectares. Farmers had benefited from cultivation of rose, banana and brinjal crops.

R.Uma Maheswari, a farmer from Koottupannai, a hamlet of Panneerkulam, said she was cultivating rose (Edward variety) on one hectare under precision farming.

She said, “I was able to get 8, 582 kilograms of flowers in a year. I could earn a maximum of Rs 4,29, 000. Previously, an income of Rs 3,40,000 was generated under conventional method of irrigation from the yield of 6, 670 kilograms of flowers. But now, I could maximise the net profit to the tune of Rs 90,000.”

S. Vellaithuraipandi of Vadakku Konar Kottai, a farmer, who cultivated Monthan, a variety of banana on one hectare, said he was happy over the increased yield after the drip irrigation system came into stay in his farm.

A beneficiary under precision farming, K. Subburaj of Keezha Koottupannai, who cultivated brinjal on a hectare, said he was able to get about 40 to 50 per cent increase in yield.

Date:13/11/2010 URL:
http://www.thehindu.com/2010/11/13/stories/2010111353111700.htm

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**IPC initiatives to boost pepper production**

Special Correspondent

*Firm will provide information to farmers through SMS*

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*The decision has been taken at the annual session of IPC*

*Cambodia and China are likely to join the organisation*

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KOCHI: The International Pepper Community, an inter-government body of pepper producing countries, will provide information on prices of pepper to farmers through SMS, in association with an Indonesian company.

The decision was taken at the annual session of IPC being held here. The five-day session will officially conclude on Friday.

IPC Chairman V.J. Kurian said the move would curb the role of vested interests in the market. The community would set up an independent team for crop estimation so as to have a realistic view on farming and export. It would also institute awards for the best farmer, exporter and producer of innovative products. Such measures were expected to create new markets for the commodity.

The IPC would provide subsidy for a training programme for farmers based on FAO guidelines. The focus would be on adoption of good agricultural practices.

Mr.Kurian said the global production and export of pepper were expected to be lower next year. The phenomenon was largely due to the farmers' practice of switching over to more sustainable crops. On the other hand, the worldwide consumption of pepper was going up by five per cent.

He said an amount of Rs.120 crore was being disbursed to farmers in Idukki district under the pepper replanting scheme undertaken by the Spices Board. A separate scheme was being implemented for the farmers in Wayanad. The measures were intended to double the pepper production in the country in four years.

Cambodia and China are likely to join the organisation, established under the auspices of the United Nations Economic and Social Commission for Asia and Pacific (UN-ESCAP). Its current members include Brazil, India, Indonesia, Malaysia, Sri Lanka and Vietnam as full members and Papua New Guinea as an associate member.

The IPC secretariat is based in Jakarta.

Business Standard

Monday, Nov 13, 2010

# Wheat output may rise 1.5% on good rain

Komal Amit Gera / Chandigarh November 12, 2010, 0:51 IST

The worries of state procurement and storage agencies may accentuate, as the wheat crop this rabi season is likely to have a higher output this year.

The Ministry of Agriculture has projected a crop size of 82 million tonnes as compared to 80.71 million tonnes last year.

“Although a bonus of Rs 20 a quintal is a pittance, it will not dissuade farmers from growing wheat, as it is a stable crop and demands less supervision,” said Maliram, a farmer in Uttar Pradesh.

The Madhya Pradesh government has announced a bonus of Rs 100 a quintal over and above the minimum support price. This would encourage farmers to increase the area under cultivation, said Raj Kumar Garg, president of Roller Flour Millers Association of India.

According to a senior official at the Wheat Research Institute in Karnal, the good monsoon in the year 2010 will help farmers across India reap a better wheat crop.

Sowing has already commenced in Punjab and Haryana and it should be over in a fortnight. In other parts of the country, sowing will start by November-end and will be done in a month.

“Wheat sowing in Gujarat is expected to be much higher. Last year, wheat was sown on one million hectare. It will be 15-20 per cent higher this time,” said N C Patel, vice-chancellor, Junagadh Agriculture University.

Ghaziabad-based Adi Narayan Gupta, chairman of Wheat Products Promotion Society, said if the weather remained favourable in February and March, the country would have a bumper crop.

The total area under wheat in the country was 28.52 million hectare in 2009-10. This is likely to increase, as the states like Madhya Pradesh, Bihar and Gujarat are upcoming states in wheat cultivation. The Directorate of Economics and Statistics Government of India would compile the information on total area under wheat by February. A marginal drop in acreage is anticipated in Punjab and Haryana due to the diversion of land for real estate and industrial use, but it is likely to be compensated by increased acreage in the Central India.

Pepper prices may rise on short supply

George Joseph / Kochi November 12, 2010, 0:49 IST

Global pepper production is estimated at 316,380 tonnes this year — slightly lower than the 318,662 tonnes last year.

Following the meeting in Kochi on Thursday, the International Pepper Community (IPC) said expected black pepper output will be 251,980 tonnes and the remaining (64,400 tonnes) will be white pepper.

According to IPC estimates, Vietnam will have the highest production with 95,000 tonnes followed by Indonesia with 52,000 tonnes and India with 50,000 tonnes.

Lower production would impact the supply of the commodity adversely, and subsequently prices might go up for most part of 2011, except January-April, during harvest in Vietnam. Prices are already on a rise in spot trading. They have risen from Rs 20,800 to Rs 21,300 a quintal due to short supply. Leading exporters said a further shortfall in supply next year will result in higher prices.

Price in the global market, like in Indonesia, crossed the $5,000-a-tonne mark, while in India it is $5,100. The estimated production for 2011 is at 309,952 tonnes — black pepper 244,632 tonnes and white pepper 65,320 tonnes.

Global production of pepper during 2009 was at 318,662 tonnes (black pepper 251,762 tonnes and white pepper 66,900 tonnes). India grabbed the second spot with 50,000 tonnes, behind Vietnam which topped the table with a total production of 100,000 tonnes.

### Export

Projected export figures for 2010 is 237,650 tonnes — black pepper at 200,300 tonnes and white pepper at 37,350 tonnes. Vietnam tops the table with export of 105,000 tonnes followed by Indonesia with 44,000 tonnes and Brazil with 34,000 tonnes. With export of 180,50 tonnes India is in the fourth place.

## Centre likely to decide on cotton exports next week

Dilip Kumar Jha & Vimukt Dave / Mumbai/rajkot November 12, 2010, 0:47 IST

Industry, textile ministry for freeze, as global prices rise.A meeting next week in New Delhi to review the cotton scenario is being anxiously awaited by the trade and the textile industry.

The Union government has already allowed export of 5.5 million bales (a bale is 170 kg) and there is a proposal to allow a further 2.5 million bales. However, the textile ministry has taken the industry’s side in opposing this and is not in favour of allowing further exports till the supply situation becomes clearer.

Expecting further export permission, market prices have shot up to above Rs 46,000 a candy (356 kg) in Mumbai and Rs 47,000 in Gujarat mandis. Cotton prices rose 18.5 per cent in the past month on firm cues from global markets. The benchmark Shankar-6 was quoted at Rs 46,200 per candy in Mumbai on Thursday, as against Rs 39,000 per candy a month before. Unseasonal rain in some parts of the crop producing belt in Saurashtra had raised supply concerns, leading to a further jump in prices in recent days. Cotton was trading at Rs 25,000 per candy a year before.

The thinking within the textile ministry is that a decision on exports should be postponed for a month or so, by when the supply-demand situation will be known. So far 4.5 million bales have arrived in the market, 25 per cent more than at this time last year. Around 10 million bales are expected by November-end and a further eight million bales by mid-December.

Arun Dalal, an Ahmedabad-based trader, said, “Exports of cotton should be allowed but only after satisfying the needs of domestic textile industry and other users.”

### High global prices

“Cotton prices in India are linked with the global market and the movement there on either side directly affects the commodity’s fluctuation in the local market,” said K F Jhunjhunwala, ex-president of the premier trade body, Cotton Corporation of India. “I am bullish for the future,” he added.

On the ICE futures, cotton for near-month delivery hit a record high at $1.5123 per pound yesterday in late evening trade, a rise of five cent from the previous day. The US Department of Agriculture (USDA) recently lowered its global output estimate to 115.25 million bales from 116.7 million bales a month before. According to it, stockpiles will decline to 42.2 million bales this year, the lowest in 15 years.

Textile manufacturers in China, which consumes 40 per cent of world cotton output, are facing huge shortage, propelling the global prices to new highs. The USDA forecast China’s cotton import to rise to 13 million bales this year as against 10.9 million bales last year, again a drain on global stockpiles. Pakistan’s cotton crop was badly hit due to floods.

The Cotton Advisory Board, at its last meeting, forecast India’s output at 32.5 million bales. “Arrivals are very good this year, as the crop is huge. The price is much higher than last year because the international cotton price is sky-high," said, Dhiren Sheth, president, Cotton Association of India.

**Commodity prices rise on low global crop estimates**

**BS Reporter / Mumbai November 11, 2010, 0:57 IST**

The prices of agricultural commodities that are an important part of India's exports and imports have been rising for some months after estimates of lower output and dwindling stocks worldwide.

While cotton prices have surged on export demand, followed by heavy speculation, sugar is rising on improved scope for exports. India depends on imports for edible oil and hence prices of palm and soy oil have been rising due to global cues.

In the past month, sugar has surged 5.8 per cent on hope the government will allow exports to take advantage of spiralling prices abroad. On the London exchange, sugar is trading at a 30-year high, above $800 a tonne, up nearly 40 per cent in the last one month.

Cotton, at $1.52 per pound, is at a 140-year high. Despite record crop estimates, prices have zoomed 22.3 per cent in the past month and 52.7 per cent in the past three months.

Globally, in just one month, prices went up 56 per cent. Yesterday, the US department of agriculture (USDA) lowered estimates of China's cotton supply, indicating China would import more. India has already approved over five million bales for export. Even after that, prices in the local market are rising, as there is heavy speculation. An Ahmedabad-based risk management firm's director said textile mills' demand was yet to be met and speculators were keeping prices high. India is expecting an output of 350 million bales this year.

Soybean oil and palm oil prices in India have risen 16-18 per cent in the past month on surging global prices and are slated to go up further. Reason: Lower output and rising Chinese imports. Dorab Mistry, director of Godrej International, estimated the world production of palm oil in calendar year 2010 would expand very little, by about 300,000 tonnes. Production growth would be negative in Malaysia and mildly positive in Indonesia, he said.

Malaysian crude palm oil production is estimated at 17.2 million tonnes for 2010, slightly less than in 2009 but very insufficient to meet the demand..

Food markets also look tight. China will probably buy about a third of the US soybean crop and the USDA said on Tuesday inventories of corn and soybeans would fall sharply ahead of the 2011 harvest. India also exports maize. However, due to a pick-up in arrivals of kharif maize, prices have started falling. In the past month, while global crop prices have moved up 23.7 per cent, in India, the arrivals have pushed down prices by 17.5 per cent.

THE HINDU Business Line

Business Daily from THE HINDU group of publications

Monday, November 13, 2010

**Date:12/11/2010 URL: http://www.thehindubusinessline.com/2010/11/12/stories/2010111252662200.htm**

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Back **Instant coffee export surges 41.46%**

Anil Urs

Hubli, Nov. 11

Instant coffee exports have surged this year. In the 11 months (as on November 8) of the calendar year, total instant coffee exports are up 41.46 per cent at 69,771 tonnes against 49,319 tonnes exported in the same period last year.

According to the Coffee Board statistics, provisional exports are up 30.72 per cent at 30,143 tonnes compared with 23,058 tonnes a year ago. Instant coffee provisional re-exports are up 50.90 per cent at 39,628 tonnes (26,261 tonnes).

Robusta coffee is used extensively in the preparation of instant coffee. Russian Federation and a few other East European countries are major buyers of instant coffee from India.

Robusta coffee exports stood at 2.09 lakh tonnes. Russian Federation accounted for 28,453.5 tonnes followed by Croatia 5,615.7 tonnes and Slovenia 4,888.5 tonnes.

Tata Coffee, an integrated coffee plantation company, has a significant portion of its revenues coming from instant coffee sales in Russian and east European countries.

The company's exports have stabilised this calendar year. Last year, due to global economic crisis company's instant coffee sales had dropped. In the first 10 months, the company has exported around 4,000 tonnes. In 2009-10, Tata Coffee's instant coffee division exported 3,536 tonnes (3,758 tonnes). “Instant coffee consumption particularly of freeze dried coffee is increasing by about 10 per cent a year,” said a Tata Coffee official.

The out of home consumption of coffee continues to increase,” said the official.

In order to develop non-Russian market and to meet the diversified customer groups, the company has undertaken initiatives towards improving the quality of freeze dried coffee and developing new products for specific markets, he added.

**Date:13/11/2010 URL: http://www.thehindubusinessline.com/2010/11/13/stories/2010111353010100.htm**

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Back **Kharif seen sprouting higher yields**

Our Bureau

Chennai, Nov. 12

Rural India could be in for a boom this kharif marketing season as growers are set to harvest better crop and get better prices. Almost all crops, barring the possibility of unseasonal rains, could follow the script of higher output as estimated by the Agriculture Ministry. However, rice production could be lower than Government's estimates.

A clear picture is yet to emerge on sugar production but growers could still gain as production is likely to be higher than last year and exports are on the cards.

Farmers in southern States, in particular, could reap the benefits of early rain, export demand and surging prices of edible oils and maize (corn).

King of kharif

Cotton is likely to be the king of kharif crops as it is set for record production. Demand from exporters and spinning mills have already resulted in sharp rise in its prices. Pulses production is likely to be higher and though prices have dropped, they may not drop below the minimum support price level. Damages have been reported from Andhra Pradesh and Karnataka but they are unlikely to have a significant impact on overall production. In September, the Centre pegged kharif foodgrain production at 114.63 million tonnes (mt), up from last year's 103.84 mt.

**Date:13/11/2010 URL:**
**http://www.thehindubusinessline.com/2010/11/13/stories/2010111350062000.htm**

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Back **Farmers spin success stories with cotton**

**Blooming prospects**

(in Rs cr)

| | Area* | Production# | Yield** |
|---|---|---|---|
| 2005-06 | 86.77 | 244.00 | 478 |
| 2006-07 | 91.44 | 280.00 | 521 |
| 2007-08 | 94.14 | 307.00 | 554 |
| 2008-09 | 94.06 | 290.00 | 524 |
| 2009-10 | 103.29 | 295.00 | 486 |

*- in lakh hectares; #- in lakh bales; **- in kg/hectare
Source: Cotton Corporation of India

Gayathri G

Chennai, Nov 12

Mr Mekala Lakshmi Narayana, a farmer who owns 100 acres at Guntur in Andhra Pradesh, cultivated cotton on 10 acres and pulses and millets in the remaining area last year. This year, he has more than doubled the area under cotton, thanks to better price realisation. Same is the case with most of the farmers in Krishi Agri Services, a farmers' body that Mr Narayana heads, who are now banking on cotton and chillies. “Growing millets and even paddy is not viable these days; we don't get better prices for these crops. So we have shifted to cotton,” says Mr Narayana.

With demand from international and domestic markets promising good returns, farmers in Andhra Pradesh have grown cotton in 17.40 lakh hectares, up from the average area of 12 lakh hectares and target of 11 lakh ha for 2010. MCU–5 is currently ruling at Rs 39,000-42,000 a candy (of 356 kg) spot. Market sources said that although the arrivals are higher this year, the over-benevolent monsoon has affected the quality of the crop in the State causing extra moisture content (as high as 12-15 per cent) in the seed cotton, which in turn will affect the ginning quality. “We expect arrivals as well as quality to improve in the coming weeks, when monsoon is expected to stop and brighter sunshine occurs,” sources in the South India Cotton Association (SICA) said.

The State targeted production of 34.28 lakh bales in 2010 against 27 lakh bales last year.

Shifting to cotton

Cotton is the kharif king in Gujarat as the erstwhile Telia Rajahs are now betting big on the white gold. Mr Kishorbhai Patel, a farmer in the traditional groundnut-growing Sourashtra, owns 50-acres of land growing groundnut in 40 acres and cotton on 10 acres two years ago. Now, the ratio has been reversed.

Mr Bharat Wala, president, Sourashtra Ginners Association, said: “Groundnut is a thing of the past here. Now, Sourashtra contributes about 70 per cent to Gujarat's cotton output. More farmers are shifting to cotton thanks to better yields and higher prices.”

Mr Rakesh Rathi, President, North India Cotton Association (NICA), told Business Line: “Compared to the northern zone (comprising Punjab, Haryana and Rajasthan), arrivals are higher in central zone (Maharashtra, Gujarat and Madhya Pradesh). Gujarat is one State to watch out for. In Maharashtra, cash-strapped cotton farmers of Vidarbha are seeing better times. There were good rains in the cotton belt of western Vidarbha and a jump in crop area by over 3 lakh hectares”.

Concedes Mr A Ramani, a cotton analyst: “Gujarat has emerged as a major cotton-growing State recently. Although the rise in acreage is just four to five per cent, yield is higher due to their large-scale adoption of Bt seeds. Daily arrivals in Gujarat are now hovering at 75,000-80,000 bales (of 170 kg) and might even touch 1 lakh bales once the festive mood is over. Just imagine 35 per cent of the country's output coming from just 22 per cent of the total cotton area!"

Harvesting activity in the Central zone is in full swing and traditional oilseeds growing areas such as Rajkot, Amreli, Bhavnagar, Porbandar, Jamnagar, Kutch and Bhuj are daily fetching more bags of cotton, said sources. There is a change in cropping pattern as the farmers have started growing cash and remunerative crops such as cumin, cotton and amaranth. The Gujarat Government has estimated cotton acreage at 21.97 lakh hectares and output at 97.37 lakh bales this year.

The Cotton Advisory Board has projected a record 325 lakh bales production this year, while export lobbies estimated it at 350 lakh bales.

Apart from higher production, growers are set to harvest better prices this year. Though the Centre kept the minimum support price for cotton unchanged, prices are already higher by 50 per cent compared with last year. For example, Shankar-6 is currently quoting at Rs 43,500 a candy (356 kg) against Rs 24,000 last year.

Mr Ramani said: "Cotton farmers have been receiving good and higher prices in the last two years for their produce. Enthused by this, more farmers have taken up cotton cultivation.

With depleting global stocks, there is a temporary supply-demand mismatch. Till the US crop hits the markets in mid-December, prices will move only in one direction – north. Prices have increased 88 per cent in a single year."

"We may see 30-40 per cent reduction in yields this year with bolls not getting enough sunlight. We have expected incomes of Rs 4,000 a quintal this year. But it looked unlikely," said Mr K Prabhakhara Reddy, President of Federation of Farmers' Associations (FFA), said.(With inputs from K V Kurmanath, Hyderabad)

Date:13/11/2010 URL:

http://www.thehindubusinessline.com/2010/11/13/stories/2010111351132100.htm

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Back Govt may prune soya, cotton, sugarcane output

Veeresh Hiremath

The country has received bountiful rainfall from the South-West Monsoon this year. During monsoon, the country as a whole has received 3 per cent above normal rainfall.

From an acreage perspective, this year has proved to be good for agriculture. The above-normal rainfall and timely availability of inputs has resulted in a marginal to sharp rise in acreage over last year. The area under all kharif grown crops increased seven per cent year-on-year to 1,039 lakh hectares. This is 99.5 per cent of the normal area.

According to the first advanced-estimate report, total foodgrain production is likely to be 114.63 million tonnes (mt) against 103.84 mt produced last year. Rice production is likely to increase by 5.9 per cent year-on-year to 80.41 mt. Moreover, coarse cereals production is likely to rise 20 per cent year-on-year, to 28.23 million tonnes.

Since acreage under pulses cultivation has increased 20 per cent, production is expected to rise 40 per cent to 6 million tonnes.

According to government data, soyabean production is likely to fall 2.4 per cent, though the industry expects an increase in production this year.

The government may revise these production estimates in its subsequent reports as there has been report of crop damage in a few places due to heavy rains during the withdrawal of monsoon. In my opinion, production forecast for cotton, paddy, maize, jowar, sunflower will be lower than government's first advanced estimate due to crop damage on incessant rains in October and November.

All kharif crops are in harvesting stage, hence, we may expect huge inflow of the produce to the spot market.

Prices fall

Price of all these crops have fallen in both spot and futures market before commencement of actual harvesting on bumper crop projections. After witnessing a sharp decline, the prices have started moving higher on strong demand for the produce. In late October and early November, price shot up on reports of crop damage and delay in harvesting of the crop.

A few crops such as soya, cotton, sugar took cues from the global markets. Sugar and cotton price in international market are trading at multi-year high on supply disruption due to weather aberrations in many countries.

Despite crop loss report, the country is likely to have a good foodgrain production this season compared with last year and prices are expected to move further high on strong demand than supply.

(The writer is Chief Analyst, Karvy Comtrade Ltd.)

**Date:13/11/2010 URL: http://www.thehindubusinessline.com/2010/11/13/stories/2010111351142100.htm**

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Back **Rice output may be lower than initial estimates**

Harish Damodaran

K.V. Kurmanath

New Delhi/Hyderabad, Nov. 12

Last year, the Centre underestimated the country's kharif rice production by overestimating the impact of drought. Thus, in its first advance estimate, the output was assessed at 69.45 million tonnes (mt) that got revised subsequently to 75.91 mt.

Much of this was on account of Punjab and Haryana. Both these States ended up harvesting bumper crops despite the drought. While the near-universal irrigation cover available with their farmers was definitely a factor here, the dry weather actually turned out a blessing of sorts: It ensured minimal incidence of attacks by the white-backed planthopper and other major pests and diseases.

This time, it could be quite the opposite. In its first advance estimate, released in September, the Agriculture Ministry has projected kharif rice production for 2010 to rebound to 80.41 mt on the back of an overall surplus South-West monsoon. But going by mandi arrival trends so far, it looks as though the damage caused by floods in some paddy-growing areas and very little rains in some others has not been fully factored in by the Ministry – leading to a possible overestimation of output.

In Punjab, only 122.21 lakh tonnes (lt) of paddy have arrived till now in the various mandis, compared to the 133.14 lt during this time last year. Haryana (24.51 lt versus 27.09 lt) and Uttar Pradesh (4.22 lt versus 6.59 lt), too, have recorded lower arrivals.

As a result, total rice procurement by the Food Corporation of India (FCI) and State agencies in the ongoing 2010-11 marketing year (October-September) has been only 98.01 lt, as against cumulative buys of 106.32 lt during this period of 2009-10. Procurement is trailing in both Punjab (80.75 lt versus 87.42 lt) and Haryana (15.41 lt versus 17.14 lt).

Lower yields

Officials ascribe the dip in the two north-western States to lower yields, which, in turn, were an outcome of floods in early-July that damaged large areas where planting of normal high-yielding parmal paddy had already taken place. Since this area could not be re-transplanted with non-basmati (the window for which was already over), farmers had to go in for basmati. And within basmati, they opted for even lower-yielding traditional varieties as opposed to the improved Pusa-1121 or Pusa Basmati-1 that had fetched low prices last year.

In addition to this, farmers in Punjab had sown very little area this time under PAU-201, a variety giving 7.5 tonnes of paddy a hectare against 7 tonnes for normal non-basmati varieties. “There were quality issues with PAU-201, with FCI refusing to buy on these grounds. As a result, its share in total non-basmati paddy area fell from a fifth to virtually nil and the overall yields, too, dropped ”, a State official told Business Line.

In other States, a clear picture of production trends in other States is yet to emerge. However, the fact that West Bengal, Bihar, Jharkhand and East Uttar Pradesh have recorded deficient monsoon rains does not give much hope for a bumper crop from this region, which is a major paddy belt.

The one State that, till recently, was expected to generate a good crop this year because of copious monsoon rains is Andhra Pradesh (AP). But two successive low-pressure build-ups within a week's span have changed it all. The latest floods are estimated to have inundated and destroyed some 3.21 lakh hectares of paddy area.

“We estimated out paddy production this year at 84 lt. But now, we may have to contend with 10-15 lt less,” said a State Agriculture Department official.

While all these could result in a downward revision of the country's estimated rice production this year, it is unlikely, however, to really influence overall availability or prices. The main reason for this is the more-than-comfortable public foodgrain stocks. As on November 1, rice stocks in the Central pool, at 231.73 lt, exceeded the corresponding levels of 216.21 lt and 141.39 lt for the preceding two years.

**Date:13/11/2010 URL:**
**http://www.thehindubusinessline.com/2010/11/13/stories/2010111351172100.htm**

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Back **Guar: An unsung crop**
**M.R. Subramani**

Guar or cluster beans is a crop that is darling of speculators in the commodities futures. The very mention of monsoon prospects are enough to move the guarseed and guargum counters sharply.

Last year, the crop suffered on account of poor rains. This year, however, it has bounced back. Guar production this year is seen at around 12.5 lakh tonnes, five times more than last year's production. A section of the trade is pegging the output at around 15 lakh tonnes despite reports of damage due to unseasonal rain.

Prices have dropped from the highs witnessed during June-July when monsoon lagged.

But the fall has been capped.

However, emergence of export demand, especially from the oil and gas sector, augurs well for the growers. Prices are expected to stabilise at current levels.

Date:13/11/2010 URL: http://www.thehindubusinessline.com/2010/11/13/stories/2010111350022000.htm

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Back **Maize makes hay on surging export demand**

**In demand**

(in lakh tonnes)

| Year | Kharif output |
|---|---|
| 2006-07 | 11.56 |
| 2007-08 | 15.11 |
| 2008-09 | 14.12 |
| 2009-10 | 12.00 |
| 2010-11 | 14.06* |

*First advance estimate
Source: Ministry of Agriculture

K.V. Kurmanath

Hyderabad, Nov. 12

Like cotton and oilseed farmers, maize (corn) growers too look to good times with export demand coming in along with higher production. With corn prices running up to two-year high in the global markets, traders foresee good demand for exports and domestic consumption.

Though the crop has been damaged to some extent in Andhra Pradesh and Karnataka, analysts predict that the production target of 21.4 million tonnes set by the Government for this year is in the sight.

Prices may drop in the short term once arrivals gather momentum but they are unlikely to drop below the minimum support price level.

Drought and rains wreaking havoc in countries such as Russia, China and Argentina, the scope for Indian corn exports looks still better this year.

Though the Government has slightly reduced the estimates to 14.06 million tonnes from the previously projected 15.5 mt for the kharif season, it would still be higher than 12 mt registered last year.

“We see higher production levels despite apprehensions that acreage might shrink this year. On the contrary, the acreage increased as some farmers preferred to grow the low-duration crop that required relatively less costlier inputs,” Mr Veeresh Hiremath, Chief Analyst at Karvy Comtrade, told Business Line.

He, however, felt that there could be pressure on prices in the short term with fresh arrivals expected in the next few days. It is quoting at Rs 942 (a quintal) in Nizamabad market. It might come down to about Rs 900, a few notches above the minimum support price of Rs 880.

Currently, f.o.r (free on rail) prices at Chennai for maize are Rs 10,500 a tonne. This is higher than last year since arrivals are lower now due to rain in various parts.

Orissa has also joined the States that are producing maize and arrivals from there have been early this year. Arrivals from Orissa are expected towards November-end.

Mr Madan Prakash, Director of Chennai-based Rajathi Group of Companies, corroborates. “The crop this year is excellent. The crop's quality is better than last year, when it was damaged by rain. Production is expected to be at levels estimated by the Centre,” he said.

“We are getting good quality corn from Karnataka and it is better than last year. Crop from Maharashtra is even better. We don't think there will be any heavy damage to the crop, though moisture will be higher,” he said.

On global export opportunity, he said, “Right now, we are seeing Vietnam scouting for our corn. Indonesia may begin buying after February. Malaysia, too, is looking at us for corn,” he said.

According to Karnataka's Agriculture Department officials, maize output is expected to exceed its target of 3 million tonnes by 4.5 lakh tonnes.

Though the total kharif area in the State rose by about 5 per cent to 74 lakh hectares, maize area is almost unchanged at over 11 lakh hectares.

In Andhra Pradesh too, the maize area almost remained almost unchanged at 5.10 lakh hectares as against the normal area of 5.30 lakh hectares. The recent rains had damaged the crop in some parts, causing a loss of about 10 per cent to overall production.

(With inputs from A Srinivas in Bangalore, M.R. Subramani, Chennai)

**Date:13/11/2010 URL:**
**http://www.thehindubusinessline.com/2010/11/13/stories/2010111351111800.htm**

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Back **Onion soars on rain, export demand**

**Firm trend**

| Date | Arrival | Modal price |
|---|---|---|
| Oct 18 | 585.5 | 1,391 |
| Oct 19 | 612 | 1,401 |
| Oct 20 | 571.5 | 1,361 |
| Oct 21 | 943.5 | 1,350 |
| Oct 22 | 1268.5 | 1,176 |
| Oct 26 | 248 | 1,175 |
| Oct 27 | 515.5 | 1,266 |
| Oct 28 | 801.5 | 1,338 |
| Oct 2 | 1226 | 1,450 |
| Nov 1 | 2432 | 1,181 |
| Nov 9 | 611.5 | 1,725 |
| Nov 10 | 966 | 1,750 |
| Nov 11 | 1074 | 1,725 |
| Nov 12 | 1200 | 1,594 |

Arrival in tonnes, price in Rs/quinta
Source: NHRDF

M.R. Subramani

Chennai, Nov. 12

Continuous rain in the growing areas and exporters hunt for old stocks have led to a sharp surge in onion prices in the last fortnight.

Though the modal price, or the rate at which most trades take place, is lower than Rs

1,600 a quintal, rates in retail markets are hovering around Rs 40 a kg.

"Old stocks of onion are in good demand and they are quoted anywhere between Rs 3,000 and Rs 3,700 a quintal," said Mr Rupesh Jaju, a trader from Nashik in Maharashtra.

"Rains in growing areas in Karnataka have damaged the crop and prices have run up as a result," said Mr Madan Prakash, Executive Director of Rajathi Group of companies.

"The new crop has begun to arrive in markets. But there is a problem with its quality and the volume of arrivals is also low," said Mr Jaju.

The new crop is ruling between Rs 1,000 and Rs 2,000 a quintal depending on quality.

"Even the size of the new arrivals is small or medium. The older stocks are bigger ones," Mr Jaju said.

Problems of quality have cropped up with onions from Karnataka. As a result, exporters are looking for onion from old stocks in Maharashtra. Export demand, though low, continues from West Asia and South-East Asia.

Exports drop

Meanwhile, onion exports in October dropped 18 per cent to 1.46 lakh tonnes, compared with the same period a year ago. In the first half of this fiscal, 10.10 lakh tonnes of onion valued at Rs 1,121 crore have been exported, against 12.99 lakh tonnes valued at Rs 1,540 crore during the year-ago period.

**Date:13/11/2010 URL: http://www.thehindubusinessline.com/2010/11/13/stories/2010111351571900.htm**

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Back **Nilgiris farmers join hands to market vegetables**

*Plan infrastructure park, food processing.*

L N Revathy

Coimbatore, Nov. 12

Around 900 small farmers in Nilgiris hill district have come together to establish the Ooty Horticultural Infrastructure Park, to market vegetables such as beans, carrot, cabbage, and cauliflower, raised uphill, under the ‘Ooty Fresh' brand.

This consortium of small farmers under the Nilgiris Horti-Tech Company Private Ltd (NIHTCO) umbrella has hitherto been offloading the produce harvested in their respective farms, at the market in Mettupalayam. “Since there is no post-harvest infrastructure facility uphill, we could neither store nor hoard the produce in anticipation of good returns,” said the Promoter-Director and Chief Executive of NIHTCO, Mr H. N. Sivan.

He told Business Line that NIHTCO envisioned integrating the small farmers in various clusters, by establishing backward and forward linkages with farmers and the market.

Mr Sivan said, “There are around 20,000 small and medium farmers involved in growing vegetables, fruits and cut flowers in the Nilgiris. The trade is still unorganised, with the growers relying on mandis at Mettupalayam, which is about 50 km away from the farm.”

“The total area under horticultural products in 2010 is around 20,160 acres and the approximate farm gate value of the different produce (including vegetables, fruits and cut flowers) is estimated at Rs 650 crore,” he said.

“While there is scope for making this an organised trade, there is a need to develop a national and international network of channels, establish a modern infrastructure park with facilities for grading, multi-purpose cold storage, pack house, supply chain systems, food processing facilities to cater to the ready-to-eat segment, impart training to farmers, establish a quality assurance lab, brand and package the produce,” he said. The success of this business opportunity, he added, will depend on the strategies that are being evolved rather than on financial parameters. He stressed on the need to establish a dominant presence to counter competition.

Public-private partnership

Asked how he proposed to implement the project, Mr Sivan said, “Our intention is to moot it as a public-private partnership model. NIHTCO is in the process of establishing business relationships, including investment proposals in green field projects."

On proposed investment and means of financing the project, he said, "Our present estimation on cost of land for the infrastructure park, plant construction cost, and so on, is Rs 3.50 crore. There are seven promoters on board and our contribution would be Rs 50 lakh , the rest would come from venture fund/FDI investment, term loan from banks and Government assistance."

He added that they are importing machines from The Netherlands. "The installation should happen soon. The project will become operational from fiscal year 2011-12," he said.

**Date:12/11/2010 URL: http://www.thehindubusinessline.com/2010/11/12/stories/2010111252602200.htm**

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Back **On a price mound**

K.K.Mustafah

Pineapple spikes: A vendor piles pineapples that have arrived from Vazhakulam, Ernakulam district, for sale at Kochi. Adverse weather has drastically reduced the production of pineapple this season, resulting in a spike in prices up to Rs 20 a piece, against Rs 10 last season. Most of the pineapples in the State are produced in Vazhakulam.

Date:12/11/2010 URL:

http://www.thehindubusinessline.com/2010/11/12/stories/2010111251772100.htm

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Back **Global cues sustain uptrend in edible oils**


Our Correspondent

Mumbai, Nov. 11

Spot prices of edible oils continued to rise, taking cues from producing centres and foreign market on Thursday. Groundnut oil rose by Rs 10, palmolein by Rs 8, soya oil by Rs 5 and cottonseed oil by Rs 3 for 10 kg. Rapeseed oil dropped Rs 7 and sunflower oil witnessed a mixed trend.

The current spell of unseasonal rain in Gujarat and Maharashtra is likely to affect oilseeds crop on farms besides restricting arrivals. This has given room for speculation. At the spot level, as festival is over local demand has decreased. But the continuous uptrend in Malaysia is keeping local prices on a firm mode. Importers /Refineries quoted higher rates in line with the foreign market.

Crude palm oil (CPO) futures climbed to a fresh 28-month high, as crude oil rose above $88 a barrel. CPO price, currently underpinned by bullish factors, could remain above

3,000 MYR (Malaysian rinngit) a tonne till the first quarter of 2011. In Mumbai, lack of fresh demand in palmolein kept volume negligible. Total volume in resale was about 200–250 tonnees. The sentiment was bullish.

CPO futures in Malaysia closed at MYR 3400 (3384) for November contracts and at MYR 3404 (3396) for December contracts. Indore NBOT soya oil November futures ended at Rs 570 (Rs 566) and December at Rs.588.60 (Rs.581.30).

The Mumbai commodity exchange spot rate was (Rs/10kg): Groundnut oil 750 (740), soya refined oil 570 (565), sunflower expeller refined oil 665 (670), sunflower refined 715 (710), rapeseed refined oil 598 (605), rapeseed expeller refined 568 (575), cottonseed refined oil 568 (565) and palmolein 541 (533).

Date:12/11/2010 URL: http://www.thehindubusinessline.com/2010/11/12/stories/2010111251792100.htm

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Back **Soya oil gains on US report; bean slips**

Our Correspondent

Indore, Nov 11

Soyabean prices that have been rallying on the spot market for the past few days dropped marginally on Thursday. Ready delivery soyabean quoted Rs 10 lower at Rs 2,150–2,190 a quintal. Plant deliveries ruled steady at Rs 2,310–2,320 a quintal.

On the National Commodities and Derivatives Exchange also, prices that increased to Rs 2,340 a quintal, edged lower at the closure of the trading to Rs 2,302, down Rs 30.

Arrival in Indore mandis was recorded at 6,000 bags of the total 4.50 lakh bags that arrived at the State-level.

On the other hand, soya oil prices continued to edge higher on weak global cues. With the release of US Department of Agriculture report that gave a weak projection of output in the United States, soya oil witnessed steep rise on Wednesday and in the spot, it was quoted as high as Rs 542-547 for 10 kg, while in the resale, it was quoted at Rs 535-Rs 537.

Soya solvent quoted Rs 5 up at Rs 520-525 a quintal, while soya refined quoted Rs 5–10 up in the resale at Rs 540-545, while it was quoted Rs 550 at plant level.

According to Mr Ramesh Malpani, a trader, trading in soya oil in resale continues to be high with the stockists not showing interest in fresh buying. On the National Board of Trade, soya oil continued to witness rising trend. After opening at Rs 560, the price shot up to Rs 591.30 and it finally closed Rs 14 higher at Rs 584.

**Date:12/11/2010 URL: http://www.thehindubusinessline.com/2010/11/12/stories/2010111252272300.htm**

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Back **Soyabean farmers asked to hold crop till January**

*Expected to fetch Rs 2,000-2,100 a quintal.*

Anil Urs

Hubli, Nov. 11

Karnataka soyabean farmers have been advised to hold the harvested crop till January for better prices.

“Kharif-grown yellow soyabean is steadily entering the markets. But uncertain prices at harvest have made the farmers to think about the time and place of selling the produce.

Hence, the Domestic and Export Market Intelligence Cell (Demic) of University of Agricultural Sciences, Dharwad, has advised farmers to hold their crop and sell it later in January, when prices are high," said a senior Demic official.

The soyabean arrival this season is good due to widespread monsoon this Kharif season and yield is expected to be around 18-20 quintals a hectare, the official further said.

Price forecast

Demic has based its soyabean price forecast based on opinions of traders and suggestions of experts.

Prices from other major markets and future prices announced by the National Commodities and Derivates Exchange of India (NCDEX) were also considered.

Keeping all this in mind, prices of yellow soyabean are expected to be around Rs 1,800-1,900 a quintal in November and December and between Rs 2,000 and 2,100 a quintal in January in trading markets of Hubli, Kalaghatagi, Sankeshwar and Bailhongal, said the official.

The minimum support price (MSP) announced by the Central Government for yellow soyabean for this year is Rs 1,440 a quintal.

Storage cost

"The farmers can store soyabean up to January 2011 to get a margin of upward of Rs 200 per quintal compared to November/December prices," the official pointed out.

"The storage cost in Food Corporation of India (FCI) godowns is Rs 3 a quintal per month.

"Well dried, cleaned and bold seeded grains fetch higher prices in these markets," he added.

Date:13/11/2010 URL:
http://www.thehindubusinessline.com/2010/11/13/stories/2010111351081800.htm

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Back **Post-Diwali demand lights up pulses**

Our Correspondent

Indore, Nov 12

Barring chana and masoor dal, all pulses witnessed an uptrend, with increased post-Diwali demand from retailers as well as mill operators.

Chana dal declined as chana prices edged lower on the National Commodity and Derivatives Exchange for the second consecutive day owing to profit–booking. Decline in chana futures dragged spot prices down by Rs 40 to Rs 2,310 a quintal.

With the sluggish trend in chana, chana dal spot prices on Friday quoted Rs 30-40 lower in the absence of buying interest.

In the spot, chana dal (average) quoted Rs 2,950 a quintal, chana dal (medium) Rs 3,050 a quintal, while chana dal (bold) quoted Rs 3,150 a quintal.

Traders here ruled out any bearish trend in chana in the near future as the recent unseasonal rains in Madhya Pradesh and Vidarbha region of Maharashtra have bolstered the prospect of chana crops.

Uptrend continued in tur dal as spot prices further rose by Rs 150. In the past few days, tur dal prices have risen by Rs 300-Rs 500. In the spot, tur dal (markewali) quoted Rs 6,000 a quintal, tur dal (fatka) quoted Rs 5,550 a quintal, while tur dal (sawa no.) quoted Rs 4,800-5,300 a quintal.

Moong dal (medium) quoted Rs 4,700-4,800 a quintal, moong dal (bold) Rs 5,500-5,800, while moong mongar quoted Rs 5,600-5,700 a quintal.

On the other hand, prices of masoor dal remained steady. Masoor dal (medium) quoted Rs

3,750 a quintal, while masoor dal (bold) quoted Rs 3,900-4,000 a quintal.

Date:13/11/2010 URL:
http://www.thehindubusinessline.com/2010/11/13/stories/2010111351122100.htm

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Back Rich pulses harvest seen from higher acreage

**Fluctuating fortunes**

(in million tonnes)

| Crop | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11* |
|---|---|---|---|---|---|
| Tur | 2.31 | 3.08 | 2.27 | 2.55 | 3.27 |
| urad | 0.94 | 1.12 | 0.84 | 0.85 | 1.08 |
| Moong | 0.84 | 1.25 | 0.78 | 0.44 | 0.88 |
| Others | 0.71 | 0.95 | 0.80 | 0.51 | 0.77 |
| Total | 4.80 | 6.40 | 4.69 | 4.30 | 6.00 |

*First advance estimate
Source: Ministry of Agriculture

Suresh P. Iyengar

Mumbai, Nov. 12

When sowing began for kharif crops, pulses was seen as the one crop that could be a major beneficiary. True to expectations and thanks to the Centre's bold initiative to hike the minimum support prices, record production of kharif pulses is expected.

With the area under pulses increasing eight lakh hectares and beneficial rains drenching the southern parts, the production in each kharif pulses crop is expected to increase at least 20 per cent. In Karnataka, area under red gram and chickpea has, in particular, increased to 16.66 lakh hectares from 13.47 lakh hectares. The acreage under pulses has increased 20 lakh hectares to 110 lakh hectares.

According to an official from the Karnataka Agriculture Department, pulses output is estimated at 8.8 lakh tonnes, against the target of 6.4 lakh tonnes. Tur leads the way with output anticipated at nearly 6 lakh tonnes, against the target of 3.6 lakh tonnes. “The State Government's Bhoochetana programme has started giving results, and its coverage has been expanded,” officials said.

According to the Agriculture Ministry's first advance estimates, pulses production is likely to be six million tonnes (mt) against 4.3 mt last year. While the urad harvest is projected to rise 27 per cent from last year to 1.08 mt, that of tur is seen up 28 per cent at 3.27 mt. Moong production is seen doubling to 0.88 mt, thanks to initiatives of the Rajasthan Government. In view of the increased production, prices of pulses have witnessed over 10 per cent fall in the last couple of weeks.

“Tur prices have already started falling since last week as the arrivals are expected to begin this month-end. Overall, we expect pulses to remain under pressure,” said Mr Chowda Reddy, Research Analyst, JRG Wealth Management. However, prices may not fall sharply due to higher MSP announced by the Government, he added.

YIELD LAGS

Despite the Government efforts to boost production, pulses yield remains abysmally low at about 600 kg a hectare. “There is a dire need to introduce high yielding varieties to boost domestic pulses production,” said an analyst.

Change in consumption pattern and rising income levels are expected to spur demand for pulses, creating further pressure on prices. In the long run, prices could fall in a sustained manner only if domestic production expands to match local demand. A minor damage to urad and moong crop has been reported in Karnataka and Maharashtra due to unseasonal rain but that may not have much impact as the other States may compensate.

Mr B. Krishnamurthy, Secretary of Tamil Nadu Pulses Importers and Exporters Association, said retail prices of pulses have dropped substantially from the high recorded last year. For instance, urad prices are ruling at Rs 60-63 a kg at retail outlets. “There could some small decline in prices from here but sharp fall is ruled out,” he said.

The good south-west monsoon this year has brightened the prospects of rabi pulses such as chana and masur. Sowing of chana for the rabi season is progressing well in Maharashtra, Karnataka and Andhra Pradesh and the government has set a target of 7.5 million tonnes chana output for 2011, said Mr Reddy.

An exporter said sufficient quantity of pulses has been imported in the last 12 months and as a result, prices of pulses in countries such as the US and Canada have increased. The strengthening of rupee against dollar could help importers.

In view of the higher domestic production, prices in the local market are ruling lower than global rates. For example, tur in Mumbai is quoted at Rs 2,900 a quintal against imported price of Rs 3,600 a quintal.

“There is no parity in importing,” he said.

As a result, import prices could drop what with countries such as Myanmar carrying ample stocks.

“But prices of dals are unlikely to drop below Rs 60 a kg since any further fall in prices will be unviable for processing units that have to pay the minimum support price to growers,” said Mr Krishnamurthy.

(With inputs from M.R. Subramani, Chennai, and A. Srinivas, Bangalore)

**Date:13/11/2010 URL: http://www.thehindubusinessline.com/2010/11/13/stories/2010111351061800.htm**

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Back **Buying support continues in sugar**

Our Correspondent

Mumbai, Nov 12

Spot sugar prices continued to rise for the eleventh day on high prices at mills level and buying support in Maharashtra from neighbouring States.

In Vashi market, spot sugar rates were higher by Rs 15-20 a quintal on Friday. After speedy rise of Rs 220-230 a quintal until Thursday, mills tender rates were steady on fresh demand. Naka rate was higher by Rs 5-10.

Sugar prices are at highest level since second half of April. Reseller's selling pressure continued to weigh on the market sentiment. The undertone of the market was bullish.

On Thursday evening, 10-12 mills came with the tender offer and sold about 40,000 - 50,000 bags of sugar in the range of Rs 2,880-2,900 for S grade and M grade Rs 2,900-2,930 (Excise Paid) to local traders. Fresh demand from neighbouring states decreased sharply. Only one rake of trade took place on Thursday. Total arrivals in Vashi were 43-45 truckloads (10 tonnes each) and lifting was 35-38 truckloads.

According to the Bombay Sugar Merchants Association, spot rates were: S–grade: Rs 2,876-2,931 (Rs 2,861-2,911) and M–grade: Rs 2,931-3,011 (Rs 2,885-3,000). Naka delivery rates were: S–grade: Rs 2,870-2,910 (Rs 2,880-2,910) and M–grade: Rs 2,910-2,980 (Rs 2,910-2,970).

Bloomberg reports: Sugar extended declines in New York and fell the most in a year in London after the European Union announced plans to expand exports and India forecast a surplus.

Raw sugar for March delivery dropped 5.7 per cent, to 27.98 cents a pound at 8:25 a.m. on ICE Futures US in New York. White, or refined, sugar for March delivery fell as much as 12 per cent, to $675 a tonne on NYSE Liffe.

**Date:13/11/2010 URL: http://www.thehindubusinessline.com/2010/11/13/stories/2010111350032000.htm**

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Back **No clarity yet on sugar production estimates**

M.A. Sriram

A file photo of cane arranged for crushing in a sugar factory. —

Harish Damodaran

New Delhi, Nov. 12

Even as the world is desperate for Indian sugar – with raws in New York currently trading at 30-year-highs of 32-33 cents a pound – a clear picture of the country's production (and the surplus available for exports) this season is yet to emerge.

That India's sugar output will be more than the 189 lakh tonnes (lt) of 2009-10 (October-September) is not in doubt. But how much would this increase be – and the extent to which it will exceed domestic consumption needs of 230 lt or so – is what nobody knows and can tell till crushing operations really take off.

In Maharashtra – the country's larger sugar producer – only 61 out of 163 mills have started operations. Till now, they have crushed 23.24 lt of cane and produced 1.85 lt of sugar at an average recovery of 8 per cent. Last year, at this time, 105 mills had taken season, though their corresponding cane crushed as well as sugar output levels were lower at 16.88 lt and 1.43 lt, respectively.

“Given our expected total crushing of 825 lt, we have a long way to go and it is still early to make accurate forecasts. But now that the monsoon has fully retreated and the rains have stopped, it should be possible for all mills to commence crushing within the next 10 days,” said Mr Prakash Naiknavare, Managing Director, Maharashtra State Cooperative Sugar Factories Federation.

In Uttar Pradesh (U.P.) – the No. 2 State – mills have not even started and are unlikely to do so before the Kartik Poornima festival on November 21, according to Dr G.S.C. Rao, CEO of Simbhaoli Sugars Ltd. UP mills crush two crops of cane in a season. The first one, from November to January, is the ‘ratoon' growing from the stubble of the plant-cane that was harvested the previous season. The second crop, crushed from February to April, is the plant-cane sown 10-11 months earlier.

“Last year, we had a bad ratoon crop, which, along with diversion of cane to gur and khandsari makers, led to very low crushing in the early part of the season. But then, the plant-cane turned out excellent, with yields surpassing everyone's expectations. It is the ratoon from this plant-cane that we will be crushing to begin with and the indications are the crop is good. In any case, it will be better than last year's," said Dr. Rao.

The other significant factor is the incidence of cane diversion, which may be lower this time. "When the season started around October 15, the kolhus were paying farmers Rs 190-195 a quintal, as gur was fetching Rs 32-33 a kg. But since then, gur prices have fallen to Rs 23-24 and so they are now paying only Rs 160-170 for cane, as against the Rs 205 that the UP Government has asked us to pay. That leaves little scope for diversion, further boosting sugar production," Dr Rao said.

What about the plant-cane that will be crushed from February. "It is difficult to say now what its yields will be as it depends on winter rains in late-December and also whether there could frost damage or other adverse weather events," he said.

In fact, a major source of uncertainty over this season's production estimates has been the incessant monsoon rains – the actual impact of which on cane yields is not fully known yet. For example, Andhra Pradesh has seen an expansion in estimated cane area from 1.58 to 2.40 lakh hectares. "But the crop has not received enough sun and yields will come down this year," felt Mr K. Prabhakar Reddy, President, Federation of Farmers' Association.

Mr N.S.V. Sharma, Secretary of the Federation of Sugarcane Growers Association, claimed even sugar recovery may be lower than last year's 9.3 per cent "because excessive intake of water has adversely impacted sucrose formation".

In Karnataka, too, rains have delayed harvesting and crushing activities, particularly in the northern districts. Therefore, the crushing season can extend till April, which could affected sugar recovery, an industry representative said.(With inputs from K.V. Kurmanath, Hyderbad and A. Srinvas, Bangalore)