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Agricultural growth remains central to poverty reduction, says report

Special Correspondent

One billion people worldwide still live in extreme poverty

CHENNAI: Agricultural growth remains central to poverty reduction, as one billion people worldwide continue living in extreme poverty, many of them in rural areas, a World Bank Group on agriculture, the Independent Evaluation Group (IEG), said in a report released on Tuesday.

Drawing on the World Bank Group's (WBG) experience in supporting agricultural growth in the past decade, the report — Growth and Productivity in Agriculture and Agribusiness: Evaluative Lessons from World Bank Group Experience — points to areas where increased funding can translate into higher impact.

In addition, the challenges posed by the global food crisis are likely to grow due to the expected doubling of worldwide food demand by 2050, the report says.

The Group's evaluation shows that agricultural projects have performed above the WBG average in Latin America and the Caribbean, Europe and Central Asia, and East Asia. Productivity growth has been particularly strong over a sustained period in China and India.

Results in Sub-Saharan Africa, however, have been weak. Lessons from the work done in important areas such as water use and irrigation, rural infrastructure, know-how on supply-value chains, and gender mainstreaming have proven to be vital to agricultural growth.

Better outcomes

Some of the country cases indicate how the expansion of rural infrastructure in China, India, and Mali yielded better outcomes in agriculture. However, in most cases, sustainability of these programmes beyond the life of the project remains an issue due to insufficient government funding and limited cost-recovery.

Tracing the history of agricultural growth and support for the sector, the report said that, in the 1990s, waning donor and government interest led to a decline in agriculture support by the WBG.

This was reversed in the mid-2000s with the food crisis and the increasing recognition of the importance of farm productivity to growth and poverty reduction.

From fiscal years 1998 to 2008, the WBG provided $23.7 billion in financing for agriculture and agribusiness activities in 108 countries, 28 of which were in Sub-Saharan Africa. An additional $5.4 billion was committed by the WBG in 2009, as support to the sector was scaled up.

World Bank and International Finance Corporation also provided non-lending services to their clients, and the Bank supported several global and regional programmes in the sector.

“The World Bank Group and partners have a unique opportunity to match the increases in the financing for agriculture with a sharper focus on improving agricultural growth and productivity,” said Vinod Thomas, Director-General, Evaluation, WBG. “The study highlights the complementary roles of the World Bank and the IFC, reflecting the importance of both the public and private sectors for agriculture.”

According to Nalini Kumar and Miguel Rebolledo Dellepiane, the co-authors of the report, “A key challenge for the WBG going forward is to increase the effectiveness of its support in agriculture-based economies, notably in Sub-Saharan Africa, where the needs are greatest. The report recognises that many of the issues that were identified as impediments to agricultural growth in the region are fundamental components of WBG's current Agriculture Action Plan FY 2010-2012."

Evaluative lessons suggest that success in Sub-Saharan Africa will require enhanced staff skills and stronger coordination, both across sectors, including agriculture, financial sector, infrastructure, economic policy and governance, and between the World Bank and the IFC.

In one example of collaboration across WBG, support is being provided to develop Liberia's tree crop industry by which the IFC's advisory services and investments add to the Bank's support to the government's policy capacity.

The IEG report also indicates that rain-fed agriculture and the financial sustainability of projects will need more attention. Continued analytic work and policy dialogue are important to help build client capacity and understanding, and efforts are needed to ensure that WBG support is integrated with support at the country level.

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Chief Minister asks officials to supply more equipment to farmers

Special Correspondent

CHENNAI: Chief Minister M. Karunanidhi on Tuesday advised officials of the State Agriculture Department to supply more equipment required by farmers for the adoption of "Rajarajan 1000" (also known as System of Rice Intensification).

This method of cultivation resulted in higher yield [seven to eight tonnes per hectare]. As of now, 2.43 lakh markers and 3.63 lakh cono weeders had been supplied to the farmers. The extent of coverage achieved under the method was 4.2 lakh hectares in 2007-2008; 5.4 lakh hectares in 2008-2009 and 6.5 lakh hectares in 2009-2010. For the current year, the target was 8.5 lakh hectares. As on September 30, around two lakh hectares were covered, according to an official. The allocation for the implementation of Rajarajan 1000 had gone up from Rs. 4.2 crore to Rs. 29 crore in the last four years.

Those farmers, who were affected by labour shortage and who wanted to buy machines, should be immediately given grant-cum-loan.

He asked the officials to bring more farmers under the crop insurance scheme. Till now, Rs. 944.08 crore was given to 8,61,822 farmers, who were affected by floods and drought, an official release stated. The Chief Minister gave these instructions while reviewing, along with Agriculture Minister Veerapandi S. Arumugam, the working of the Agriculture Department.

S. Malathi, Chief Secretary, and P. Rama Mohan Rao, Principal Secretary (Agriculture) were among those present.

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Horticulture farmers motivated to take up drip irrigation

Staff Reporter

65 per cent subsidy to be given for crops cultivated on a maximum of 5 hectares

Efficient utilisation:M. Syed Ahamed Miranji, Deputy Director of Horticulture, inspecting a farm with drip irrigation facility at Chinnavanyakkanpatti in Tuticorin district.

Tuticorin: An area of 505 hectares of horticultural crops in Tuticorin district would be brought under drip irrigation, M. Syed Ahamed Miranji, Deputy Director of Horticulture, said.

While inspecting a farm of six hectares at Chinnavanyakkanpatti, Vilathikulam Taluk, the Deputy Director of Horticulture advised the farmer to adopt drip irrigation system for his entire farm.

According to a statement here on Monday, Mr. Miranji said farmers who cultivated horticulture crops were being encouraged to adopt drip irrigation system as it could facilitate efficient utilisation of water.

Subsidy would be given for setting up drip irrigation to all horticultural crops including coconut. Each farmer would get a 65 per cent subsidy for the crops cultivated on a maximum of five hectares. Farmers would get subsidy only if equipments of approved companies were used for establishing the facility. Interested farmers may contact offices of Assistant Director of Horticulture in all blocks in the district, he added.

Later, a team of officials including Mr. Miranji, S. Raja Mohamed, Assistant Director of Horticulture, Vilathikulam, C. Palanivelayutham, Assistant Directors (Horticulture) and K. Arunachalam, Deputy Horticulture Officer, Pudur inspected the chillies nurseries raised under precision farming at Kumarachittanpatti of Pudur Block.

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Foodgrain position comfortable: Pawar

Special Correspondent

Decision on minimum support prices for rabi crops to be taken today

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Asks Rajasthan to start procurement of bajra

National Food Security Act in the pipeline

- Photo: Rohit Jain Paras

Union Agriculture Minister Sharad Pawar addresses the media in Jaipur.

JAIPUR: Union Food and Agriculture Minister Sharad Pawar on Tuesday described the foodgrain stocks in the Central pool as "very comfortable" for meeting the targeted public distribution system and other requirements. He said this was the result of an impressive growth in production and procurement of foodgrains during the past three to four years.

Addressing a press conference here after a meeting of the Agriculture Ministers of northern States, Mr. Pawar said while 314.78 lakh tonne of rice and 225.25 lakh tonne of wheat had been procured during the previous season, a record production and procurement of the two foodgrains were expected this year because of good monsoon rains.

He said a decision on the minimum support prices for this year's rabi crops would be taken at a meeting of the Union Cabinet being convened in New Delhi on Wednesday.

Referring to reports of "distress sale" of bajra by the farmers in Rajasthan, Mr. Pawar said he had asked the State Government to immediately start procurement at the MSP rate. "Rs.50 crore will be transferred to the State to start the procurement and a part of it will be consumed under PDS and the balance sold through tenders," he said.

The Union Minister said the loss, if any, in the process would be reimbursed by the Food Corporation of India on priority, while the State Government would be required only to establish a mechanism for procurement. He affirmed that it was the duty of both the Centre and the State to protect the interests of farmers.

Chief Minister Ashok Gehlot had on Monday requested Mr. Pawar to instruct the FCI to buy bajra from the farmer at the MSP of Rs.880 per quintal to ensure remunerative prices to them. The bajra crop is going to be bumper this year in the desert State due to good rain.

Mr. Pawar affirmed that the UPA Government's procurement policy had been a great success since 2004 and the farmers were “ploughing back” the returns and producing more foodgrains.The Union Minister said a National Food Security Act providing a statutory basis for assured food security for all citizens was in the pipeline. The draft legislation was being prepared and the Bill would be introduced shortly in Parliament, he added. Under the proposed law, every BPL family will be entitled to a certain quantity of foodgrains at subsidised prices.Agriculture and Food Ministers, Secretaries, Agriculture Production Commissioners, Directors of Agriculture and V-Cs of Agricultural Universities from Punjab, Haryana, UP, Rajasthan, Bihar, MP, Maharashtra, Gujarat and West Bengal took part in the meeting.

Published: October 19, 2010 23:25 IST | Updated: October 20, 2010 01:48 IST CHENNAI, October 19, 2010

Agricultural growth remains central to poverty reduction, says report

The Hindu Bird flocking in an harvested paddy land near Thrissur in Kerala. File Photo

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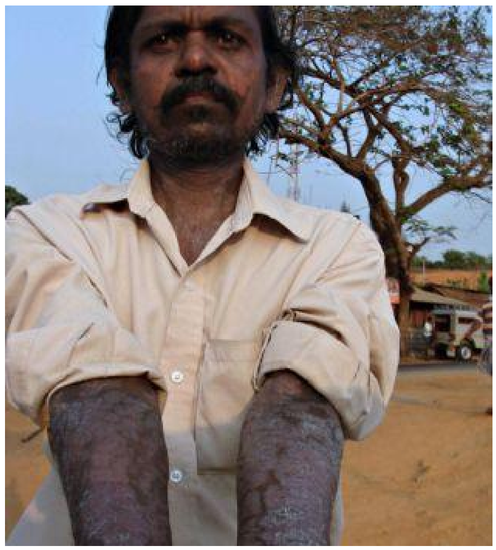
U.N. panel urges ban on endosulfan



File photo a man showing his skin condition reportedly caused by endosulfan in Mangalore. A key U.N. panel has urged governments to ban the pesticide that can cause nerve damage to humans and wildlife. Photo: Sudipto Mondal

A key U.N. science panel has urged governments to ban the widely used pesticide endosulfan that can cause nerve damage to humans and wildlife.

The 31 scientists on the Persistent Organic Pollutants Review Committee want endosulfan placed on a list of chemicals that should be phased out of use.

A spokesman for the U.N. Environment Programme that hosts the panel says governments will decide whether to follow the recommendations at a meeting of signatories to the so-called Stockholm Convention on pesticides in April 2011.

Michael Stanley-Jones said on Tuesday that some 60 countries have already banned endosulfan, including the United States which is not party to the Stockholm Convention.

Endosulfan is used on some fruits and vegetables as well as cotton.

Published: October 18, 2010 23:54 IST | Updated: October 19, 2010 00:02 IST New Delhi, October 18, 2010

Supreme Court to Centre: enough is enough, no more wastage of grain

The Hindu A woman stand amidst various food grains which are lined-up for sale at a wholesale market in Hyderabad. File Photo: Mohammed Yousuf

Ensure proper distribution to targeted PDS beneficiaries

The Supreme Court on Monday wanted the Centre to ensure that there was no further wastage of foodgrains and that there was proper distribution to the targeted beneficiaries.

Justice Dalveer Bhandari, hearing a Public Interest Litigation petition on streamlining the Public Distribution System, told Additional Solicitor-General Mohan Parasaran, who said the wastage was 7,000 tonnes and not 70,000 tonnes: “Enough is enough. We don't want further wastage."When the ASG said, "the figure should be 0.07 lakh tonne, instead of 0.70 lakh tonnes," Justice Bhandari said: "Let us not go by percentage when the full figure is available for the two States of Punjab and Haryana, viz. 67,539 tonnes."

Justice Deepak Verma, the other judge on the Bench, said: "Even assuming that 7,000 tonnes is correct, it is a huge waste. How can you allow this to happen?"

Pending for decade

Justice Bhandari said: "This matter has pending for almost a decade now. When people are dying of hunger, you [Centre] must have done some evaluation by comparing the percentage of waste the world over. It is an extremely serious matter. You have a buffer stock. The kharif crop is due to come from October. The damage done in [the] two States is very high. What action have you taken against the officials responsible for the wastage? Whatever that is likely to go waste at least that must not go waste. Ensure that it is properly distributed."

When the ASG said "the foodgrains did not become waste as they have been destroyed," Justice Bhandari made it clear: "If it is not fit for human consumption we do not suggest that it should be given to them [people]. It should not be given even to animals."

When Justice Verma wanted to know whether the government could supply foodgrains to all below the poverty line beneficiaries, the ASG said: "The Centre has supplied foodgrains to each State based on the BPL families. In some States the figures are at variance." If identification of the BPL families by the States conformed to the Centre's norms, there would not be any difficulty in supply.

"On the basis of the revised poverty estimates based on the March 2009 population, the number of BPL families comes to 5.90 crore, which is less than the existing coverage of 6.52 crore BPL families. However, the government has continued with the earlier poverty estimates so that allocation of foodgrains could be made to larger BPL families," Mr. Parasaran said.

Senior counsel Colin Gonsalves, appearing for the People's Union for Civil Liberties, said that at present there was a buffer stock of 22 million tonnes and an additional 33 million tonnes of foodgrains was in godowns. He wanted to know why the Centre had allocated only 2.5 million tonnes for the PDS.

THE ECONOMIC TIMES
Wed, Oct 20, 2010 | Updated 10.38AM IST

20 Oct, 2010, 02.29AM IST, Jayashree Bhosale & Madhvi Sally,ET Bureau

Indian tomato traders eye flood-hit Pakistan for profit

PUNE | CHANDIGARH: Large quantities of Indian tomatoes are headed to flood-hit Pakistan as traders seek to profit from 10 times higher prices across the border. Brisk exports from Maharashtra's Pimpalgaon—the largest tomato and onion mandi in Asia—to Pakistan have lifted local prices of tomatoes to Rs 30 per kg instead of the usual Rs 15 each October.

Fresh fruit and vegetables are among the most expensive items on India's dinner table these days and continue to push up the government's weekly food inflation numbers. Except for onions, for which the government fixes a minimum export price, there is no bar on export of any fresh produce from India.

"With prices at Rs 70-80/kg in Pakistan, and only Rs 7.50/kg in the top tomato-producing state, Maharashtra, there is a huge rush to export," said Jaspal Singh, a clearing agent at Attari border near Amritsar. Not surprisingly, one of every four trucks from Pimpalgaon is headed for Pakistan.

India has been also been exporting onions, potatoes, sugar and cotton to Pakistan since August, after devastating floods washed away 17 million acres of farmland across the border.

The World Bank has estimated its crop loss at $1 billion. The affected harvests include cotton, sugarcane, rice, corn, fruit and vegetables, leaving Pakistan dependent on imports, mainly from India, to make up for the shortfall.

Customs officials at Amritsar said over 135 trucks, each carrying 16 tonnes of tomatoes, cross over to Lahore daily, catering to demand in Pakistani Punjab and Khyber Pakhtunkhaw. Another 70 trucks are going to Bangladesh, traders said. Diversion of tomatoes from Pimpalgaon to Pakistan and Bangladesh is starving the local market. Gujarat, Rajasthan and Uttar Pradesh also source their tomatoes from Maharashtra. Barely 35 trucks are arriving daily at Azadpur Mandi in Delhi, Asia's largest vegetable and fruit market that caters to the entire northern region.

To make matters worse, rains and foggy weather in the higher reaches of Himachal Pradesh's Lahaul valley have affected the traditional winter tomato crop. So consumers can expect little respite until the new crop grown in the northern plains starts arriving a month from now.

The sharp rise in local tomato prices has also upset the normal working of food companies that make puree and sell tomato ketchup worth Rs 1,000 crore annually. It takes 5 kg of tomatoes to get 1 kg of puree, and the business becomes unviable if tomato prices cross Rs 4/kg.

With local prices several times higher, ketchup companies have begun importing pulp from China, with 3,000 tonnes already contracted.

19 Oct, 2010, 01.12PM IST,REUTERS

Oilseeds, soyoil up on soybean arrivals delay

MUMBAI: India's oilseeds and soyoil futures rose on Tuesday afternoon on a delay in harvesting of soybean due to rains and a rise in global markets, analysts said. Malaysia's benchmark January 2011 palm oil contract was up 0.97 percent at 2,917 ringgit per tonne, while U.S. soy futures rose 0.7 percent to $11.92-¼ per bushel at 12:56 p.m. India's oilmeal exports in

September rose 53 percent from a year ago, its third straight monthly rise, owing to higher demand from traditional buyers in Japan and China, data from a trade body showed.

"Arrival pressure is not building due to recent rains. They have disrupted harvesting operations," said Radha Vallabhaji Purohit, a dealer based in Nagpur. Maharashtra and Madhya Pradesh, which account for more than 85 percent of the country's total soybean output, received rains in the past two days. November soybean futures contract on India's National Commodity and Derivatives Exchange (NCDEX) rose 1.33 percent to 2,210 rupees per 100 kg. In the Indore spot market, soybean rose by 19 rupees to 2,147 rupees per 100 kg. November soyoil climbed 1.01 percent to 525.2 rupees per 10 kg, while rapeseed for November delivery edged 0.2 percent higher to 552 rupees per 20 kg.

In the Jaipur spot market in Rajasthan, the country's top rapeseed producing state, rapeseed rose by 3.2 rupees to 547.4 rupees per 20 kg. India is likely to produce 17.27 million tonnes of oilseeds in 2010/11 from summer-sown crops, higher than 15.66 million tonnes a year ago, the farm ministry estimates.

Business Standard

Wednesday, Oct 20, 2010

Favourable climate to boost pulses output by 25-30%

Dilip Kumar Jha / Mumbai October 20, 2010, 7:44 IST

India’s pulses output is likely to rise 25-30 per cent during the 2010-11 season due to favourable climate. The ongoing kharif season has already struck a positive note, with output forecast to rise 35 per cent. The late monsoon rainfall has also left adequate moisture for rabi sowing, boosting prospects for the winter crop. So, industry watchers estimate a bumper output this year.

Over a dozen stakeholders — traders, importers, growers, etc, surveyed by Business Standard forecast that output would rise to 18-19 million tonnes this year as against 14.57 mt the previous year

On achieving this figure, the import requirement would decline from a consistent three mt during the previous years to 1.5-2 mt this year, said Pulses Importers' Association President K C Bharatiya.

In the kharif season, scattered monsoon rainfall through the 90-120 days crop cycle helped the grain remain healthy. As a consequence, traders said, output this kharif season would remain between 5.85 mt and 6.15 mt, a substantial rise from 4.3 mt in the same season last year.

Rabi is key

About 30 per cent of India's pulses' output is during the kharif season — all the tur, 65 per cent urad and 90 per cent moong.

While agreeing with the agriculture ministry's estimate of area under pulses at 11.593 million ha this kharif season, as against last year's 9.77 m ha, Sharad Babu, a Jalgaon-based pulses trader, said: "Higher area will result in more output, provided the climate remains good for one more month."

Consumption has risen sharply over the past two years, despite volatile prices. During 2010-11, consumption is estimated to rise 0.5 mt to 20 mt. "Even at a price of Rs 100 a kg for tur and Rs 80 a kg for urad, pulses contribute just Rs two-three per meal," said Himat Nandu of S K Comdex, a Vashi-based trader.

The output could have been better but for the recent rain that damaged some crop, especially in the south. The rain largely damaged the late sown crop, which is currently in the flowering stage. Pulses' importers said India might lose 10-15 per cent of the kharif crop due to unseasonal rainfall, as farmers could not harvest matured plants due to muddy fields and high moisture. Despite this, the government's target of 16.5 mt annual crop would be achieved, said traders.

Consumers, though, are unlikely to get the benefit of this season's higher output, as the government raised the minimum support price (MSP) for pulses significantly this year. However, prices have started declining from peak levels.

Urad prices have declined nearly 25 per cent in the past two months in the benchmark Jalgaon wholesale mandis, from Rs 5,000 a quintal to Rs 3,700-3,800 a qtl now.

Similarly, moong has nosedived to Rs 3,200-3,500 aqtl from Rs 4,800-5,000 a qtl nearly two months ago. Farmers would not sell their output if the price fell further, said Sriganganagar (Rajasthan)-based Jaydev Gupta, a partner of Dhajaram Jaydev.

Groundnut yield in Gujarat seen up by 35 %

Vimukt Dave / Mumbai/ Rajkot October 19, 2010, 0:58 IST

In the wake of favourable weather conditions coupled with sufficient rainfall, groundnut yield in Gujarat is estimated to rise by 35 per cent at 1,120 kg per hectare this year. Higher yield is all set to push up groundnut output by 5 lakh tonnes.

As per the survey conducted by The Solvent Extractors Association (SEA) of India, Gujarat is likely to witness groundnut yield of around 1,120 kg per hectare, which shows a jump of 35 percent over 830 kg per hectare last year.

On the back of higher yield, SEA estimates groundnut production in Gujarat to increase by 5 lakh tonnes to 18.70 lakh tonnes in 2010-11.

Junagadh is poised to see the highest yield at 1,375 kg per hectare, which was 1,000 kg last year. However, groundnut yield in Amreli is projected to be the lowest at 700 kg per hectare this year. Still, it will be higher than the last year's yield of 500 kg per hectare. Groundnut yield in the district took a hit due to heavy rains during monsoon.

"Initially, industry players were expecting groundnut production of 22-23 lakh tonnes but later on revised their estimates as heavy rainfall in Porbandar and Jamnagar districts damaged groundnut crop and yield in these regions. Still, production is likely to be higher than last year," said BV Mehta, executive director, SEA.

According to SEA report, around 20 per cent area under groundnut crop in Porbandar district was washed away by heavy rains, while the remaining area has seen groundnut yield taking a hit. The aveage yield in this district may hover around 750 kg per hectare against against 1,060 kg per hectare last year.

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Back **Two cheers for support prices**

SHASHANKA BHIDE

Support prices have helped in the modernisation of agriculture, where farmers produce to sell in the market. But it is necessary to tweak the pricing process to improve productivity and farm incomes.

Innovations in pricing mechanism are necessary to make farming a remunerative enterprise.

Support prices for agriculture have continued for decades, not only in India but even in the most advanced countries. The nomenclature may change, but the implicit belief that markets by themselves are unlikely to lead to stable and reliable supplies of farm produce continues to hold.

The fact that greater change and diversity are possible in the non-farm sector, but not in the farm sector, also implies that income levels in the farm sector are likely to be slow to improve compared with the non-farm sector. Hence, support prices are an income security measure.

As we move into October the debate on support prices for sugarcane has once again gathered momentum. The recommendations of the Commission for Agriculture Costs and Prices are easily overtaken by the state governments.

Since it is often not clear what would be the acceptable price to all concerned, protests, strikes and politics become necessary to settle the issue.

FARM MODERNISATION

Price support is designed to provide stable and remunerative prices. The problem is that prices cannot be determined for each crop in isolation of the others. Shouldn't all farmers be provided the same level of assurance on their prices irrespective of the crops they grow?

The objective of food security may require ensuring that food crops are grown. But this quickly leads to the need to ensure the survival of farmers and at this point the support mechanism expands, with good justification, to cover all crops. Support prices were successful in getting the farmers to usher in the Green Revolution, as prices were remunerative and assured, especially given the yield advantages.

But the focus on price alone meant that the other consequences of crop-specific incentives were not fully captured in the policy. Fertiliser use became intensive and ground water depleted.

If there was no support price, would market prices have dropped? Would farmers have switched crops to take care of their land and water resources? The support price mechanism was not only an assurance of price but also a marketing revolution in the sense that payments were made promptly at a predetermined price. Again, this was necessary to get the farmers to focus on farming and not worry about prices.

The process has also helped in the modernisation of agriculture where farmers produce crops to sell in the market.

But the system has also established rigidities. It would be hard to withdraw support prices even if markets provide remunerative prices.

In fact, some of the studies in the early 1990s showed that the support prices actually were well below international prices. Soon, however, support prices also increased and the gap was reduced or closed.

The argument that agricultural markets are likely to be more volatile in the absence of support prices cannot be ignored.

IMPACT ON COMPETITIVENESS

In reality, farm support prices are an income support to the farmers. If seen in this way, perhaps the complications arising out of setting the prices of different crops may diminish.

Direct support is less distorting of markets than product-specific incentives. Do farm-support pricing policies make our agriculture less competitive? In a world of subsidies and tariffs these are difficult questions. While the calculations of remunerative prices are made based on domestic prices, competitiveness will be determined by international market prices.

If decades of support prices have not led to competitive agriculture, it may be because these prices have not permitted adequate investments that improved productivity.

The small farm sizes also took away the possibility for most farmers to build on the small cost-price margins to make new investments. Support prices gave only small margins over and above the costs incurred. Any larger margins would have meant even higher prices, which the poor consumer could not pay.

To be fair, agriculture is not the only sector where support prices or remunerative prices are in vogue. The fertiliser and power sectors enjoyed such producer prices until more competitive pricing mechanisms came to the scene. Most investors would not take up projects if there are no significant profits to be made. Farming would be no exception.

A farmer's ability to survive bad markets and bad weather is limited, especially when there little savings to fall back on. These are good reasons why support prices may be necessary in the case of farm products.

But what makes the final outcome less than satisfactory is the complexity of the process of determining these prices and inadequate productivity gains that it provides. Innovations in the pricing mechanism are necessary to make farming a remunerative enterprise.

(The author is a Senior Research Counsellor, NCAER. The views are personal. blfeedback@thehindu.co.in)

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Back **Poultry cos adopt carrot and stick policy in contract farming**

Farmers' earnings depend on the healthy growth of birds.

If a bird grows quickly, it is taken delivery of at least a week earlier, ensuring better and quicker returns to farmers.

M.R. Subramani

Chennai, Oct. 19

In an effort to encourage chicken farmers to take care of broiler birds, poultry firms are following a carrot-and-stick policy while entering into agreements for contract farming with them.

Under this scheme, a farmer is expected to take care of chickens and he is rewarded depending on the healthy growth of the bird. Poor maintenance means lower compensation.

For contract farming, a farmer has to have his own land with a shed to maintain chickens. The poultry firms will provide the farmer suggestions on how to construct the shed, besides ensuring proper water and power availability.

Tri-partite pact

According to Mr B. Soundararajan, Managing Director of Suguna Poultry Farm Ltd, his company helps farmers to get bank credit through a tri-partite tie-up. Project reports are given to banks to help them provide loan to farmers. The tri-partite agreement is to ensure that banks recover their dues through the poultry firms when farmers are paid for the birds they grow.

“We help the farmers also by providing the chick stock, feed and veterinarian. A staff from our firm will also supervise the farms regularly to ensure better maintenance of chickens,” he said.

According to Mr A. Shivakumar, Managing Director of VKS Farms Pvt Ltd, growing chicken is a six-week cycle. Once the chicken is harvested, the farm will be left idle for three weeks so that it can be cleaned.

“The health of a bird depends on how hygienic a farm is. Therefore, the three-week idling is necessary,” he says.

On an average, a farmer can get Rs 3.50 for every kg a bird weighs. But some farmers even get Rs 4-4.50 for a kg, while the worst performance could fetch around Rs 3 a kg,” said Mr A. Shivakumar, Managing Director of VKS Farms Pvt Ltd.

“We have found out that 85-90 per cent of farmers take good care of the birds,” said Mr Shivakumar.

According to Mr Soundararajan, the performance of each farmers is weighed through a simple process.

“Normally, it takes 36-40 days for a chicken to be harvested. But if the growth is good, it can be harvested in 33 days. Most of the time, it is harvested after 35 or 36 days,” he says.

Contract system

This is the incentive for a farmer. If a bird grows quickly, it is taken delivery of at least a week earlier, ensuring better and quicker returns to farmers.

Most of the poultry firms are following the contract system for their broiler requirements as this saves them from the trouble of growing chickens, acquiring lands and other such issues.

Suguna Poultry follows the contract system in Tamil Nadu, Karnataka, Andhra Pradesh, Maharashtra, Gujarat, Orissa, West Bengal, Uttar Pradesh, Rajasthan, Haryana and Punjab.

“A farmer has to maintain at least 2,000 birds to enter into contract farming,” said Mr Soundararajan. “But on an average our contract farmers maintain 6,000 birds,” he said.

In Tamil Nadu alone, Suguna poultry has roped in 3,000 farmers under contract farming.

The poultry firms are, however, choosy in picking up their sourcing farms. “There are excess farms than what our company needs,” said a poultry firm owner.

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Back **Wheat zooms to season's high on lack of inflows**

Our Correspondent

Karnal, Oct. 19

In the absence of arrivals of Dara wheat variety from Uttar Pradesh, the wheat market witnessed a price rise of Rs 20 a quintal and touched the highest level for the season.

On Tuesday, dara variety was quoted at Rs 1,240-1,260 a quintal against 1,230-1,240 quoted last weekend. The fine quality ruled at Rs 1,280 a quintal.

In the same manner, the market of desi wheat varieties witnessed an uptrend and touched the highest levels of the season. Prices of Tohfa variety ruled around Rs 2,400 a quintal; Lok-1 ruled around Rs 1,920; Kitchen queen new marka at Rs 2,130; Parley-G variety at

Rs 2,185; and Nano at Rs 2,155 a quintal.

Mr Subhash Chander, a wheat trader, told Business Line that as there were no fresh arrivals, the market of dara and desi wheat varieties witnessed a good rally. The Government has not released the quota for the open market sale scheme.

On lack of fresh arrivals, wheat flour prices witnessed an uptrend and quoted at Rs 1,225 (90-kg bag). Chokar prices rose by Rs 10 (49-kg bag), touched the highest level for the season and ruled around Rs 580 (49-kg bag).

Paddy Trading

More than 1.5 lakh bags of different paddy varieties arrived at the Karnal grain market terminal.

Around 40,000 bags of PR-13, ruling between Rs 950 and Rs 1,080 a quintal, was received. Grade-A variety arrived with a stock of around 70,000 bags and the stock ruled between Rs 1,030 and Rs 1,060. Around 30,000 bags of PR-14 were quoted at Rs 1,060-1,110 a quintal.

About 3,000 bags of Sharbati also arrived and the variety ruled between Rs 1,400 and Rs 1,500 a quintal.

Sugandha-999, with around 3,000 bags, was quoted at Rs 1,400-1,600, while just around 2,000 bags of the RS-10 variety was quoted at Rs 1,280-1,350 a quintal.

There were 1,500 bags of Pusa (duplicate basmati) quoting at Rs 1,920-2,160. Around 2,500 bags of Pusa-1121 were quoted at Rs 2,000-2,220 a quintal.

The entire stock was lifted by the agencies and rice millers.

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Back **Lack of export orders drags tobacco prices**

Anil Urs

Hubli, Oct. 19

Tobacco price at various auction platforms in Karantaka is quoting Rs 10 to 15 a kg lower than the price that prevailed during the same period a year ago.

Growers and the industry attribute reasons for the low price to lack of fresh export orders and excess production in the State.

Bright grades, which comprise 10 to 20 per cent of the total tobacco production, are trading between Rs 115 and 120 a kg. Last year, prices were around Rs 130.

Medium grades, which form the bulk of the trade and provides good base for farmers to average their incomes, is quoting below Rs 100.

For most part of last year, it traded above Rs 100 (around Rs 110). Low grades are quoted around Rs 50/kg against last year's level of Rs 70 to 80.

At the end of 24th day of auction (October 18), about 55.20 lakh kg (53,009 bales) of FCV tobacco variety have been marketed in Karnataka with an average price realisation of Rs 102.96. Bright grades comprised 24.84 per cent and traded at an average price of Rs 123.59. Medium grades comprised 53.41 per cent and traded at an average price of Rs 107.01 a kg; low grades traded at an average price of Rs 68.90.

Auction prices

Following are total cumulative bales sold and average prices fetched as on October 18 in different auction platforms in Karnataka.

H D Kote: Total cumulative bales marketed 7,016 bales (average price Rs 101.91/kg). Hunsur I: 3,178 bales (Rs 105.30/kg). Hunsur II: 4,484 bales (Rs 103.66/kg).

Periyapatna I: 7,887 bales (Rs 102.91/kg). Periyapatna II: 4,410 bales (Rs 107.23/kg). Periyapatna III: 2,521 bales (Rs 102.93/kg).

Ramanathpura I: 8,766 bales (Rs 100.76/kg). Kampalapura I: 3,119 bales (Rs 104.65/kg). Kampalapura II: 2,233 bales (Rs 106.08/kg). Ramanathpura II: 5,283 bales (Rs 100.21/kg). Hunsur III: 4,112 bales (Rs 103.34/kg).

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Back **Industrial demand supports coconut oil**

C.J. Punnathara

Kochi, Oct. 19

After last week's plunge, coconut oil prices recovered and are holding firm. The huge buying by industrial houses last week at lower levels eased the selling pressure and prices are holding steady. The selling pressure ebbed as the traders were mobilising and transporting huge quantity of stock that they had committed last week, said Mr Prakash B Rao, Director of the Cochin Oil Merchants Association (COMA).

Coconut oil prices were quoting at Rs 6,670 a quintal in Tamil Nadu markets, while ruling in Kochi at Rs 6,850 and in Thrissur at Rs 6,725. With industrial buyers re-building their inventories, they were unlikely to re-enter the market immediately, sources in the trade said. The market is likely to remain flat unless huge demand spike emerged during the Diwali and Sabarimala season. Arrivals are expected to pick up only from mid-January to early-February when the season sets in over Kerala.

A study conducted by the Agriculture Market Intelligence Centre of the Kerala Agricultural University has pointed out that coconut prices are likely to remain stable on account of production shortfalls by the major producing States in the South. This is also in the backdrop of global shortfall in coconut availability. The climatic changes brought about by the current La Nina factor could depress production further.

While the 10-15 per cent drop in coconut production from Kerala this season is a positive for the prices, the 10.28 per cent increase in oilseeds production during the kharif season to 17.27 million tonnes is expected to weigh down on prices.

However, this is not expected to suffice for the Indian market, which overtook China and emerged as the biggest edible oil importer in 2009. India imported 10 lakh tonnes of edible oil in August, of which 6.2 lakh tonnes was palm oil.

Palm oil prices fell to Rs 4,700 a quintal while palm kernel oil remained steady at Rs 6,800. Copra was on offer from traders at Rs 4,900 while buyers were quoting Rs 4,800 a quintal.

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Back **Bengal Govt urged to release potato stock in phased manner**

Shobha Roy

Kolkata, Oct. 19

The West Bengal Government has to release about 30,000 tonnes of potatoes on a daily basis for the next one month in order to release the entire stock of the tuber held by it to prevent prices from crashing, according to Mr Patit Paban De, past President, West Bengal Cold Storage Association.

The State Government had procured 9.75 lakh tonnes of potatoes through the consumer co-operatives under the West Bengal State Consumers Cooperative Federation (Confed) during this year. These potatoes have not yet been released into the market and this has caused prices to skyrocket over the last few days.

The wholesale price of the tuber (Jyoti variety) has been hovering around Rs 600-700 a quintal on account of the demand-supply mismatch, Mr De said.

“Out of the 9.75 lakh tonnes of potatoes held by the State Government, hardly 75,000 tonnes has been released into the market so far. The rest has to be released in a phased manner over the next one month before November 30. This is because the shelf life will end and the quality will deteriorate if it is stored beyond that,” Mr De told Business Line. The State Government had procured potatoes from farmers at Rs 3.50 a kg. The State had produced a bumper crop of about 100 lakh tonnes of potato this year, which caused the prices to fall; the Government therefore bought potatoes in order to prevent prices from crashing.

The Government had earlier identified tendering process for offloading the potatoes into the market, however, it has now decided to opt for direct selling through various agencies to traders and cold storages across the State at a predetermined price.

The State Government, Mr De said, would ask the agencies such as Confed and Benfed to start selling directly to potato traders and cold storages at a bond price (excluding all expenses) of Rs 400 a quintal.

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Back **Groundnut oil plummets on higher supplies**

Our Correspondent

Rajkot, Oct. 19

Groundnut oil prices have crashed almost Rs 140 to Rs 1,355-1,360 for a 15-kg tin in two days as arrival of the main raw material, groundnut, has begun in full swing.

Groundnut oil in “loose” traded at Rs 730-740 for 10 kg. In Gujarat, more than 1.25 lakh bags of 50-kg groundnut arrived on Tuesday at various mandis.

According to traders, demand is low currently as the price had ruled high until last week. But now, as the price has begun to decline demand will soon pick up.

Groundnut oil fell to its lowest on Monday by Rs 90 a tin. Since Saturday, groundnut oil price has decreased Rs 140 for 15 kg.

The Managing Director of Rajmoti oil industry, Mr Samir Shah, said: “This downfall was anticipated as demand was very poor. A further decline of Rs 15-20 is also possible in the coming days.”

A Saurashtra–based broker Mr Jayesh Tanna of Narshidas and Co, told Business Line, “This year groundnut's summer crop is estimates at 20 lakh tonnes compared to last year's 15 lakh tones. With the good season of monsoon and very supportive dry weather condition as of now has resulted in higher arrivals of seeds almost in every corner of Saurashtra.

Farmers are expecting Rabi groundnut crops will also be far more than last year based on good weather and sufficient water supply condition will lead to higher sowing acreage.”

According to The Solvent Extractors Association of India's survey, groundnut yield in Gujarat is likely to be around 1,120 kg a hectare, which shows a jump of 35 per cent over the 830 kg a hectare last year. SEA estimates groundnut production in Gujarat to increase by 5 lakh tonnes to 18.70 lakh tonnes in 2010-11, spurred by higher yield.

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Back **Indigenous oils decline sharply**

Our Correspondent

Mumbai, Oct 19

Edible oil spot prices in Mumbai saw a mixed trend on Tuesday as indigenous oils such as groundnut oil, cotton oil and rapeseed oil declined sharply; and imported oils such as palmolein were up by Rs 2/10 kg on higher closing of Malaysia. Soya oil and sunflower oil ruled steady.

In the foreign market, crude palm oil futures closed higher on demand outlook and higher export estimate for October.

A Mumbai-based wholesaler, Mr Mitesh told Business Line “In Mumbai spot market, the volume of trade was good on Tuesday as refineries sold nearly 1,400-1,500 tonnes of palmolein plus about 200-250 tonnes resale was done. Fresh demand from local stockist along with the firm reports from Malaysia resulted in higher volume after 3-4 days of dull trading.”

Refineries increased their rates for on cues from the higher closing of Malaysian markets.”

About 50 mills have already started crushing/milling work in Gondal, Junagadh, Jamnagar, Veraval line. During Diwali more than 100-125 mills will start their work as arrivals of kharif groundnut has already touched over one lakh bags now. ”

Malaysia's crude palm oil futures closed at MYR 2920 (2890) for November and futures closed at 2914 (2887) MYR for December. Indore NBOT soya oil futures November closed higher at Rs 523.20 (Rs 519.40).

Mumbai commodity exchange spot rate (Rs/10kg): Groundnut oil 820 (830), soya refined oil 492 (492), sunflower expeller refined 575 (575), sunflower refined 630 (630), rapeseed refined 570 (580), rapeseed expeller refined 540 (550), cotton refined oil 495 (503) and Palmolein was 472 (470).

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Back **Lukewarm buying keeps sugar static**

Our Correspondent

Mumbai, Oct 19

Spot sugar prices on the Vashi wholesale market ruled almost steady on Tuesday. At the spot level, after witnessing good demand from retailers and stockiest on Monday, fresh buying came down sharply .

A wholesaler told Business Line: “On Monday evening, Maharashtra's mills sold about 1.50-1.75 lakh bags sugar including two rakes – about 54,000 bags to upcountry buyers, in the price range of Rs 2,600-2,635 for S–grade and Rs 2,630-2,665 for M–grade. In the evening, mills tender were open in the same price range. Demand from bulk consumers .

Local retail demand for Diwali festival is lower than expected till now.”

On Tuesday total arrivals at Vashi market were 43-45 (previous day 55-58) truckloads (10 tonnes) and lifting was about 42-43 (55-60) truckloads.

According to the Sugar Merchants Association, spot rate for S–grade was Rs 2,696–2,736 (Rs 2,696 –2,746) and for M–grade Rs 2,730 – 2,811 (Rs 2,731 – 2,811).

Naka delivery rates were: S–grade – Rs 2,660–2,690 (Rs 2,660– 2,690) and M–grade – Rs 2,715–2,760 (Rs 2,715–2,750).

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Back **Heavy arrivals take their toll on urad dal**

Our Correspondent

Indore, Oct. 19

Urad dal crashed at the Indore mandi by Rs 200-Rs 250 a quintal on the heels of increased inflow and sluggish demand. It was quoted Rs 6,000-7,000 a quintal, while urad dal (chilkewali) quoted Rs 4,300 a quintal.

Chana dal increased by Rs 50 with corresponding rise in the prices of chana in the spot where it gained Rs 25 at Rs 2,320-2,325 a quintal.

Moong dal also gained by Rs 50. In the spot, moong dal (chilkewali) quoted Rs 4,400-4,500 a quintal, while moong monger quoted Rs 5,800-5,850 a quintal.

Masoor dal remained steady with its prices in the,spot quoted Rs 3,725-3,750 a quintal, masoor dal (medium) quoted Rs 3,825-3,850 a quintal, while masoor dal (bold) quoted Rs 3,925-3,950 a quintal.

On the other hand, tur dal declined a little with prices on the spot quoting at Rs 5,500-5,550 a quintal, tur dal (sawa No.) quoted Rs 3,950-5,000, while tur dal (markewali) quoted Rs 6,100 a quintal.

In the spot, masoor quoted Rs 3,250-3,260 a quintal, while tur quoted Rs 3,000-3,200. Moong and urad remained steady at Rs 3,900-4,000 and Rs 3,950-4,050 a quintal.

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Back **Pepper futures turn hot on demand**

G.K. Nair

Kochi, Oct. 19

Pepper futures shot up on Tuesday on strong demand amid limited availability with all the contracts moving up sharply.

Many have switched over to November and December while some had either gone in for liquidation or might have squared-off with buyers under an agreement to take early delivery, market sources told Business Line.

The stock position as on October 18 at NCDEX-accredited warehouses was at 3,795 tonnes; of this 340 tonnes are in Kozhikode. On November 5, 1,463 tonnes would come up for delivery. Given the tight supply position, buyers are most likely to buy the October delivery. Similarly, 1,443 tonnes would come up for delivery on December 5, they said.

“They said that the predictions based on graphs and charts without feeding it with correct fundamentals might result in misguiding its followers,” said a source.

Buyers outnumbered sellers. At one point on Tuesday, there were buyers for 400 tonnes while sellers were available only for 177 tonnes. This aided the rise in prices, said sources.

October contract on NCDEX increased by 341 tonnes to close at Rs 18,794 a quintal (last half-an-hour average is taken as closing price) while the last trading price was Rs 18,640 a quintal. November and December were up by Rs 370 and Rs 335 a quintal respectively to close at Rs 19,044 (Rs 18,970) and Rs 19,330 (Rs 19,242).

Turnover shot up by 101 per cent (7,685 tonnes) to close at 15,265 tonnes. Open interest fell by 352 tonnes to close at 13,687 tonnes.

October open interest fell by 1,456 tonnes to 1,690 tonnes while those of November and December increased by 847 tonnes and 210 tonnes respectively to 9,951 tonnes and 1,758 tonnes.

Spot prices increased by Rs 300 a quintal — in tandem with the futures market trend — to close at Rs 18,900 (MG 1) and Rs 18,400 (ungarbled).

Indian parity in the international market moved up to $4,450 a tonne (c&f). “Europe and our competitiveness would be known only after the reaction of other origins especially Indonesia,” said an exporter.

An overseas report from the US said on Tuesday black pepper was more or less unchanged from last week.

Prices quoted for different origins of Black pepper Sep/Oct shipments per tonne in dollar c&f New York were MG 1asta - 4,500-4,600; Vietnam asta - 4,500 Feb/Mar; Lampong 500g/l - 4,000-4,050 (fob); Lampong 550g/l - 4,100-4,150 (fob); Lampong asta - 4,200-4,250 (fob); Ecuador asta - ask for offer; Sri Lanka 500g/l - 4,050-4,100 (fob); Sri Lanka 550g/l - 4,150-4,200 (fob); Brazil B2 500g/l - 4,100 (fob); Brazil B1 560g/l - 4,150-4,200 (fob); Brazil asta - 4,250-4,300 (fob).

Prices quoted for white pepper; Vietnam $6,200 (c&f); Muntok $6,325 c&f; Ecuador $6,250 (c&f) and Brazil W1 $6,250 (fob).

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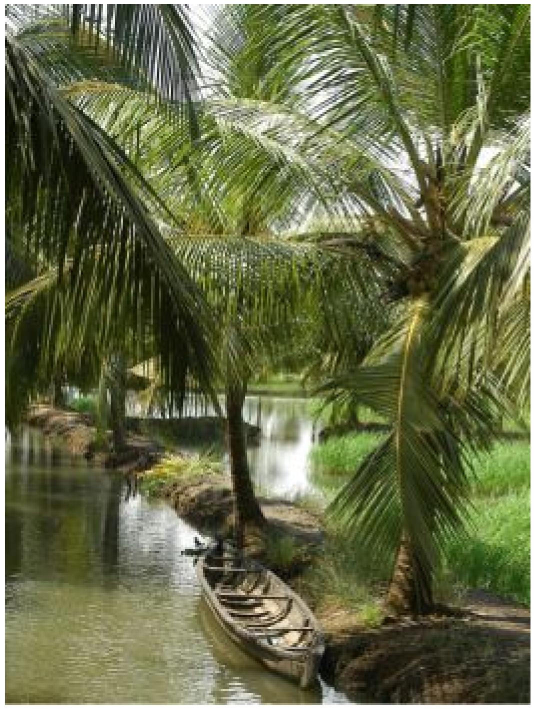
Back **Cash from coconut**

— K.K Mustafah



Serenity:A traditional country boat anchored at a coconut farm near Kochi, Kerala. The Coconut Development Board is exploring the possibility of exporting particleboards made from the softwood waste of coconut trees and coconut oil-based herbal formulations.

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Back **Jayant Agro venture to start commercial production**

Our Bureau

Mumbai, Oct. 19

The Vadodra-based Jayant Agro Organics, an oleo chemical manufacturing company, will commence commercial production of Sebacic Acid, a complex value-added castor oil-based derivative at Ihsedu Speciality Chemicals, a joint venture with Mitsui & Co.

Ihsedu Speciality Chemicals, in which Jayant Agro holds 76 per cent equity, will have a capacity to produce 8,000 tonnes a year of sebacic acid and add a turnover of Rs 200 crore, the company said.

Sebacic acid, which is a high margin and value-added specialty chemical, finds application in special grade of nylons, engineering plastics, automobiles coolants etc.

Jayant Agro Organics' wholly-owned subsidiary Ihsedu Agrochem will start co-generation plant based on its by-product de-oiled cake resulting in substantial cost saving, it said. The company also plans to apply for carbon credit as it will be using an eco-friendly fuel. On Tuesday, Jayant Agro shares on the BSE rose one per cent to Rs 140.