

Date : 15.10.2013

# THE HINDU

**'More financial outlay for agriculture, forestry'**

## COIMBATORE

Out of the total financial outlay of Rs. 2.11 lakh crore for the XII Five Year Plan of the State, Rs. 3,078 crore has been allotted exclusively for forest development.

Planting a sapling by itself is an insurance for which now an insurance programme – a first-of-its-kind in the State – is being inaugurated, Vice-Chairperson of State Planning Commission Santha Sheela Nair said here recently.

She was launching the tree insurance scheme at the Forest College and Research Institute of the Tamil Nadu Agricultural University at Mettuapalayam.

The Institute has tied up with United India Assurance, Chennai, to develop a comprehensive 'Agroforestry Plantation Insurance' plan for casuarina, eucalyptus, meial dubia, ailanthus, gmelina, leucaena and dalbergia sisso.

The premium rate for basic plan will be 1.25 per cent of input cost, which will cover the perils such as forest and bush fire, lightning, riot and strike, storm and cyclone, flood and inundation, and loss to wild animals. Vice-Chancellor of TNAU K. Ramasamy said that food and wood farming were essential to achieve the goal of the Government in doubling the yield and tripling the income in farming. He urged insurance companies in the State to come forward to support vegetable farming, and growing of fruit trees. Chief Manager of United India Insurance N.K. Buddhan said that nearly 40,000 tree growers had shown interest in enrolling for the tree insurance programme. Ms. Nair released a book on tree planting insurance.

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## Farmers sell garlic for half the market rate

### KATTAPPANA

#### Effective State intervention sought

Garlic prices are scalding household budgets. But farmers at Vattavada and Kanthallur in Idukki have a different story to tell. The open market price is around Rs. 60 a kg, but they sell it at about Rs. 30.

Last season, the price they got was as low as Rs. 15 a kg. Many had shifted from cultivation of garlic to other vegetables at Kanthallur, the main garlic-producing village in the State.

“It is the closing season for garlic here and we expected the price to increase, but it remains at a low now. Compared with the last season, it is not so bad,” S. Maheendaran, a farmer in the village, says. The main problems are unstable prices and varying offers from middlemen.

Mr. Maheendaran says the main market for garlic is at Vadukapatty, near Theni, in Tamil Nadu, where it is auctioned at prices that depend on quality and arrivals.

The farmers who had given garlic to the Mettupalayam market, expecting a better price last time, had to sell it at a very low price.

Mohandas, another farmer, says the garlic from Vattavada and Kanthallur is sold at low prices in auctions as the produce is of small size, though of better quality. At Kanthallur, around 80 hectares are under garlic cultivation, and at Vattavada, less than that.

Mr. Mohandas says farmers, last season, cultivated large area with garlic as the previous season fetched good prices.

#### Fluctuations

More than the low price level, the main issue is high fluctuations in the prices offered in auctions and by middlemen who directly purchase the produce.

The bigger Chinese variety of garlic is in demand at auctions, and the prices offered from the two villages are not competitive, Mr. Maheendran says.

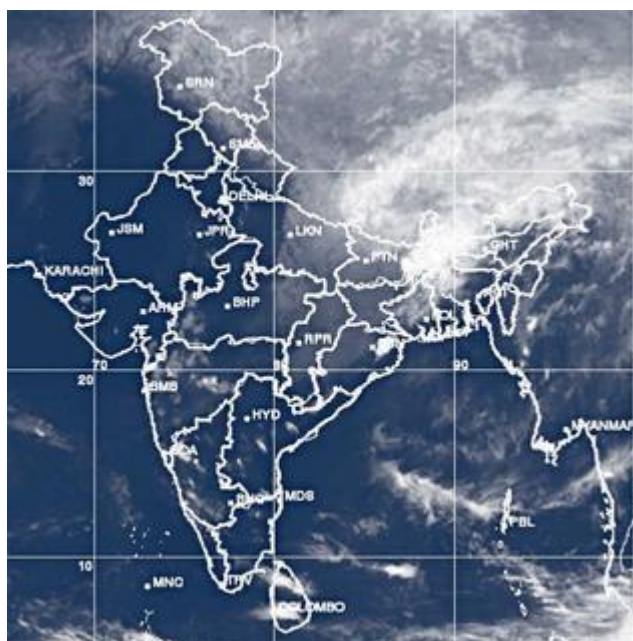
Farmers usually cultivate both Mettupalayam and Singapore varieties. The Mettupalayam variety can be harvested in three months, while the Singapore variety needs more time.

The main areas where garlic is cultivated at Kanthallur are Puthoor, Perumala, Keezhanthur and Grihanathapuram.

The farmers seek an effective marketing intervention by the government to ensure a steady price. The pickle industry prefers garlic from the two villages, and the supply has to be streamlined, they say.

During the sowing season, almost all farmers take loans from cooperative banks and other sources, even moneylenders. When the prices fall, they are helpless without storage facilities to wait for better prices.

## Weather



INSAT PICTURE AT 11-30 hrs. Observations recorded at 8-30 a.m. on October 14.

### ANDHRA PRADESH

Anantapur	31	23	3	18
Arogyavaram	31	21	0	121
Bapatla	34	25	0	203
Calingapatnam	32	25	0	137
Gannavaram	34	25	0	150
Hanamkonda	33	24	0	64
Hyderabad AP	31	23	0	108
Kakinada	33	27	1	73
Khammam	34	24	0	24
Kavali	35	25	0	11
Kurnool	35	24	0	11
Mahabubnagar	30	22	0	65
Machilipatnam	34	26	0	113
Narasapur	33	28	0	205
Nellore	36	28	0	23

Nizamabad	32	23	0	83
Ongole	35	26	0	29
Ramagundam	33	23	0	107
Tirupathi AP	35	26	0	28
Tuni	34	27	0	71
Vizag AP	33	28	0	51
Vizag	32	27	0	87
<b>KARNATAKA</b>				
Agumbe	26	17	45	430
Bengaluru AP	29	20	0	21
Bengaluru	29	21	0	29
Belgaum AP	31	19	0	11
Bellary	31	24	0	8
Bijapur	29	21	0	31
Chitradurga	30	21	0	1
Chickmagalur	27	17	0	13
Chintamani	29	19	0	7
Gadag	31	21	0	30
Gulbarga	34	23	0	8
Hassan	29	21	0	3
Honavar	31	23	14	120
Karwar	33	25	6	132
Madikeri	23	17	1	97
Mangalore AP	30	23	9	160
Mysore	31	19	0	31
Mandya	31	20	0	1
Panambur	31	24	3	160
Raichur	32	22	0	37
Shirali	30	24	30	310
<b>KERALA</b>				
Alappuzha	31	25	0	64
Kannur	32	24	0	179
Kochi AP	31	23	tr	148
Kottayam	32	23	11	77
Kozhikode	32	24	0	97
Punalur	31	23	27	53
Thiruvanantha				
-puram AP	31	24	0	19
Thiruvanantha				
-puram City	32	24	1	39
Vellanikkara	31	22	tr	78
<b>TAMIL NADU</b>				
Adiramapattinam	33	26	0	37
Chennai	35	27	0	27
Chennai AP	34	25	2	63
Coimbatore AP	33	23	tr	6

Coonoor	22	13	0	39
Cuddalore	36	25	0	33
Dharmapuri	32	20	2	38
Kanyakumari	31	25	tr	tr
Karaikal	35	27	0	46
Kodaikanal	19	13	tr	17
Madurai AP	37	26	tr	8
Nagapattinam	35	26	0	37
Palayamkottai	37	25	0	12
Pamban	33	27	0	1
Puducherry	36	27	0	7
Salem	34	23	0	42
Thanjavur	37	27	0	3
Tiruchi AP	35	25	0	61
Tiruttani	34	25	0	113
Tondi	33	27	0	7
Tuticorin	38	26	0	2
Ooty	18	10	tr	45
Valparai	25	15	12	58
Vellore	34	25	tr	40
<b>LAKSHADWEEP</b>				
Amini Divi	30	27	tr	21
Minicoy	32	27	0	18
<b>OTHER STATIONS</b>				
Kolkata (Alipore)	31	25	84	249
Mumbai	31	26	0	46
New Delhi	33	23	1	73

*The columns show maximum and minimum temperature in Celsius, rainfall during last 24 hours (trace) and total rainfall in mm since October 01, 2013.*

#### **ISOLATED RAIN IN TAMIL NADU**

**CHENNAI:** The Deep Depression over Jharkhand and adjoining areas of north Chhattisgarh and Odisha moved slightly north-northeastwards and weakened into a depression. It lay centred at 8.30 a.m. on Monday close to southwest of Daltonganj (Jharkhand). The system would move north-northeastwards and weaken gradually into a well marked low pressure area by Monday evening. Rainfall occurred at many places over coastal Karnataka and at a few places over Kerala and south interior Karnataka. Isolated rainfall occurred over A.P., T.N. and north interior Karnataka.

Mainly dry weather prevailed over Lakshadweep. The chief amounts of rainfall recorded in centimetres are:

**Tamil Nadu:** Erode 4.

**Kerala:** Aryankavu (Kollam district) 6. **Andhra Pradesh :** Utukuru(a) (dist Kadapa) 2.

Karnataka: Kundapur (Udupi dt) 8. On Sunday, the maximum temperature rose largely at one or two places over coastal A.P., rose appreciably at one or two places over Rayalaseema, T.N. and north interior Karnataka, fell at one or two places over T.N. and changed little elsewhere over the region.

Forecast(valid till Wednesday morning): Rain would occur at a few places over Karnataka and Kerala. Isolated rain may occur over T.N., Puducherry, A.P. and Lakshadweep.

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### Foot-and-mouth disease claimed 38 cows

#### KRISHNAGIRI

**This alarming statistics for a month has put Krishnagiri's animal husbandry department on high alert**

The Department of Animal Husbandry is on high alert and is taking every possible effort to contain the spread of foot-and-mouth disease that claimed the lives of 38 cows in the last one month in the district.

Six other cows died of various other reasons, Regional Joint Director of Animal Husbandry S. Rajendran said here on Saturday.

The preventive measures would include a ring vaccination, under which all the cattle of a particular area would be vaccinated against the disease even if one of these were found to have the disease. The disease had spread in Hosur, Kaveripattinam and Uthangarai.

The official, however, denied that the disease had acquired epidemic proportions.

The specimens collected from the dead animals were sent to Central Referral Laboratory (CRL) in Chennai and Indian Veterinary Preventive Medicine (IVPM) at Ranipet, where the vaccines are produced for various infections.

Dr. Ganesan said people trusted some native medicine with no proven efficacy, instead of approaching veterinarians.

The native mixture could actually cause fatal problems in the stomach, he explained.

Applying glycerin on the mouth and boric acid on the foot of the cow would offer cure in three days.

After that the animal would start taking food normally, he added.

Explaining the ring vaccination process, the official said that on receiving information about a cow being affected by the disease, a team headed by an Assistant Director of the Animal

Disease Investigation Unit (ADVU), would reach the spot with required medicines and laboratory equipment.

If it was established as a case of foot-and-mouth disease, the Assistant Director would give vaccination to all the cattle over an eight-km radius. This way, even the spread of the disease could be confined to that area.

Collector T.P. Rajesh conducted an emergency meeting on Friday with Dr. Rajendran and representatives of the Dharmapuri District Cooperative Milk Producers' Union and gave directions to take all preventive measures.

Dr. Rajendran said the department was conducting routine medical camps for the cattle every year.

During the current year 100 camps were conducted and another forty camps would be conducted before the end of March 2014.

***The disease had spread in Hosur, Kaveripattinam and Uthangarai***

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## Flower prices double, Tiruchi merchants reap puja benefits

### TIRUCHI

**Mullaipoo commands the highest price of Rs. 600 a kg**



*Jasmine ready for sale at Srirangam flower market in Tiruchi.- Photo: R. M. Rajarathinam*

The flower prices have soared up in the district in the wake of Navarathri festival. It has been a heyday for the flower vendors, who were complaining about poor prices till a fortnight ago.

The price per kg has almost doubled for a majority of flowers, while it is thrice the rate for flowers noted for fragrance.

More than the rise in prices, scarcity to meet the demand has been reported in several parts of the district. According to a cross-section of flower traders in Srirangam, *mullaipoo* registered the highest price with Rs. 600 per kg against Rs. 240 last month.

Jasmine that was sold between Rs. 200 and Rs. 250 a kg has nearly doubled now. And today's price stood at Rs. 500 a kg. Merchants were unable to cope with the demand for the festival season. They said people preferred flowers of cheap rate.

The *sambangif* flower was sold for Rs. 300 a kg (Rs. 100 last fortnight), Kozhikondai Rs. 30 (Rs. 10), vadamalli Rs. 40 a kg (Rs. 20), and pachai Rs. 10 a bundle (Rs. 5). The prices fluctuate in accordance with the arrivals. The timely rainfall last week has resulted in reasonable increase in the yield of jasmine and other flowers in the district.

The jasmine is largely grown in a cluster of villages in and around Kosampatti, Sirugambur, Ramagiripatti, Ettarai, and Koppu. **Flowers and fruits, especially banana, became dearer here in Karur ahead of the Ayudha Puja-Vijayadasami festival time. Although arrivals at the market continued to be reasonably good, the price escalated following festival demand in the industrial town. Ayudha Puja is celebrated on a grand scale in Karur which was home to several industries.**

The demand for puja items, flowers, and fruits go up on the occasion. This year, the prolonged drought-like conditions, made agriculture activities, in particular floriculture, betel vine cultivation, and banana cultivation troublesome.

While large tracts of farmlands on which banana was grown for years together were left fallow because of water scarcity and drought in Karur district, the tender betel vine cultivation never really took off in the past year with hot conditions, lack of adequate water for irrigation, and pest attacks leaving the growers in the lurch. As for floriculture in the Kulithalai region bordering Tiruchi district, non-availability of water put paid to the hopes of a decent harvest but incidentally got farmers some money as the prices rose steadily over the year. All those factors continued to have a say in the run up to the puja festival in Karur as the price of flowers and fruits skyrocketed in the markets.

At the banana auction point near the Karur Junction, a bunch of *poovan* variety banana fetched up to Rs. 800 while a normal bunch of *rasathali* variety got the farmer Rs. 400. Even *Karpooravalli* variety went under the hammer for Rs. 200 a bunch.

The price line would hold over the next two days and the exorbitant price increase was because of scarce availability of flowers. The market was getting hardly one-fifth of the regular arrivals for this year and added that festival time had only added to the demand.

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- *Poovan variety of banana fetched up to Rs. 800 per bunch*
  - *Price rise comes after a lean agricultural season in the region*
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## Mettur level

### TIRUCHI

The water level in Mettur dam stood at 84.85 feet on Monday against its full level of 120 feet. The inflow was 4,142 cusecs and the discharge 15,001 cusecs.

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## Water level

### TIRUNELVELI

The water level in Papanasam dam on Monday stood at 87.35 feet (the maximum level is 143 feet). The dam had an inflow of 395.53 cusecs and 1,200 cusecs of water was discharged from the dam.

The water level in Manimuthar dam stood at 51.91 feet (118 feet), with an inflow of 10 cusecs and a discharge of 25 cusecs.

### Kanyakumari

The water level stood at 20.25 feet in Pechipparai dam, 57.35 feet in Perunchani, 7.94 feet in Chittar I, 8.03 feet in Chittar II and 33.97 feet in Mambazathuraiyaru dam.

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## Senna cultivation turns into a lucrative enterprise

### TUTICORIN

#### **The leaves and pods of the plant are used by the pharmaceutical industry in laxatives**

The soaring demand for Senna (*Cassia angustifolia*), also called as Tinneveli Senna, a medicinal plant predominantly grown in various parts of Tuticorin, has triggered a phenomenal jump in its exports. Senna leaves and pods are used by the pharmaceutical industry in laxatives, according to P.S.S. Raja Sankaralingam, chairman, Shellac and Forest Products Export Promotion Council.

Mr. Sankaralingam told *The Hindu* here on Monday that in view of the growing demand from international buyers for senna, a representation had been made to the Ministry of Commerce and Industry to set up an Export Facilitation Centre for senna under the ASIDE (Assistance to States for Development of Export Infrastructure and Allied Activities) Scheme. Tuticorin had a traditional export market for senna like salt and palm fibre.

He said senna had been an export commodity even before the Tuticorin port was established. Senna was popular in the western countries for making 'herbal tea'. Nearly 85 per cent of senna produced in India was sent overseas. "The plant contains calcium sennoside, a chemical compound that is used as a laxative," he said. Mostly, senna was being shipped to Japan, China, the USA, Germany, Spain, Thailand, Indonesia, Latvia, South American countries and Mexico.

An export volume of 15,975 metric tonnes, valued at Rs.61 crore, was achieved in 2012-13. During last fiscal, exports was 13,576 metric tonnes worth Rs.51 crore, and in 2010-11, 14,435 mt of senna was exported. In 2009-10, shipments to the tune of 12,653 mt were made.

With the objective of promoting exports, five per cent incentive was being provided to exporters under Vishesh Krishi Gram Udyog Yojana (VKGUY) and one per cent duty drawback was also given.

Many senna farmers in the district were buying seeds from exporters, who were involved in grading senna leaves and pods.

Calling senna as a 'lucrative crop' for farmers, he said the farmers were largely relying on senna cultivation since the short duration crop could be grown both as a rainfed and an irrigated crop. In Tamil Nadu, it was grown in the rainfed tracts of Tuticorin, Tirunelveli, Virudhunagar, Ramanathapuram and Madurai districts. The sown crop could be harvested within a period of three to four months.

N. Rajakumar, Deputy Director of Horticulture, Tuticorin, said senna cultivation would be increased to 450 ha in Vilathikulam, Ottapidaram, Pudur, Kovilpatti and Karungulam blocks this year. The farmers would sow this crop on black and red soil at the fag end of the Northwest monsoon.

On sowing 10 kilograms of seeds, they would get an yield of 250 to 300 kg of senna leaves and 60 to 70 kg of pods.

"It yields up to 1,500 kg of leaves and 400 kg of pods in a hectare under irrigated condition, but in rainfed condition, its yield drops to 500 kg of leaves and 200 kg of pods," he said.

To motivate senna farmers, he said back-ended subsidy of Rs.2,000 for an acre was being provided under the National Mission on Medicinal Plants. Efforts were on to form farmers' interest groups in the district to increase the crop cover in potential villages. Palani Velayutham, Assistant Director of Horticulture, said during last year 316 senna farmers had been benefited by the subsidy scheme, through which Rs.16.80 lakh was extended.

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## Foot-and-mouth disease claims three heads of cattle in Shimoga

### SHIMOGA

#### 111 heads of cattle infected with the disease in the outbreak



*The outbreak was triggered after a dairy owner in Genasinakuni village purchased 10 heads of cattle of Holstein Friesian breed from Krishnagiri in Tamil Nadu in the first week of September. One of them was affected by foot and mouth disease.— File Photo*

Three heads of cattle have died and 111 have been infected with the foot-and-mouth disease (FMD) in the district. Of the three deaths reported so far, two cases were from Antaragange village in Bhadravathi taluk and one from Genasunakuni village in Sagar taluk. Deputy Director of the Department of Animal Husbandry R.R. Ravindra told *The Hindu* the situation in Bhadravathi and Sagar taluk was being closely monitored. Veterinary officers were regularly visiting the affected villages, he said. A dairy owner in Genasinakuni village had purchased 10 cattle of Holstein Friesian (HF) breed from Krishnagiri in Tamil Nadu in the first week of September, of which one cattle was infected with FMD. This resulted in the outbreak of the disease there. A Jersey cow, belonging to Raghupathi in Genasinakuni, had died of the disease, he said.

The Department undertakes vaccination drive against FMD in two phases every year. The first phase of vaccination would be held in February and March and the second phase in August and September. During the recent vaccination drive in the district, 84 per cent of cattle had been covered. Of the 7.78 lakh cattle in the district, 6.28 lakh were vaccinated during this period. The department had taken initiatives to vaccinate the cattle that had not been covered in this period, he said.

Mr. Ravindra said the situation was under control in the district now. Malnad Gidda breed formed the major chunk of cattle population in the district. Research had shown that native

cattle breed had a high level of resistance against FMD. Infection was not spreading in the district owing to the presence of large number of native cattle breeds here, he said.

Farmers say that the actual number of deaths was much higher than the official figures. Three calves owned by Ravi, a resident of Antharagange village in Bhadravathi taluk died last month. "The calves died due to high fever, a symptom of FMD. Officials of the Department of Animal Husbandry had no clue then that that it was FMD. After the calves were dead and buried, the officials of the Department of Animal Husbandry contacted me to collect their blood samples. It was unfortunate that the three deaths would not be recorded as FMD toll," he said. Mr. Ravindra said, the officials quickly respond to complaints. Blood sample of the infected animals would be sent for testing at the regional laboratory of the Institute of Animal Health and Veterinary Biologicals in Shimoga.

Farmers engaged in dairy farming had suffered a huge loss due to FMD. Sundaresh, a milk producer from Holehonnur told *The Hindu*, "I used to supply 90 litres of milk to Shimoga Milk Union Limited (SHIMUL) daily. Four of my cattle are infected with FMD owing to which the daily milk production has come down to 20 litres," he said.

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### Maize thrown to cattle as feed

#### PERAMBALUR

#### Crop in 10,000 hectares damaged due to poor rainfall and lack of irrigational facility



*left to livestock:Maize that has withered away for want of water at Kudikadu village in Veppanthattai taluk in Perambalur district.*

Maize cultivated in about 10,000 hectares in the district, especially in Veppanthatti taluk, has withered away due to failure of monsoon and absence of irrigational facility. As the 120-day duration crop, raised during the Adi Pattam, has suffered damage even before reaching the flowering stage, farmers are forced to use it as feed for livestock.

Pinning their hopes on showers in October, farmers had cultivated the crop in an area of about 33,000 hectares in Veppanthattai, Veppur, Alathur and Perambalur blocks.

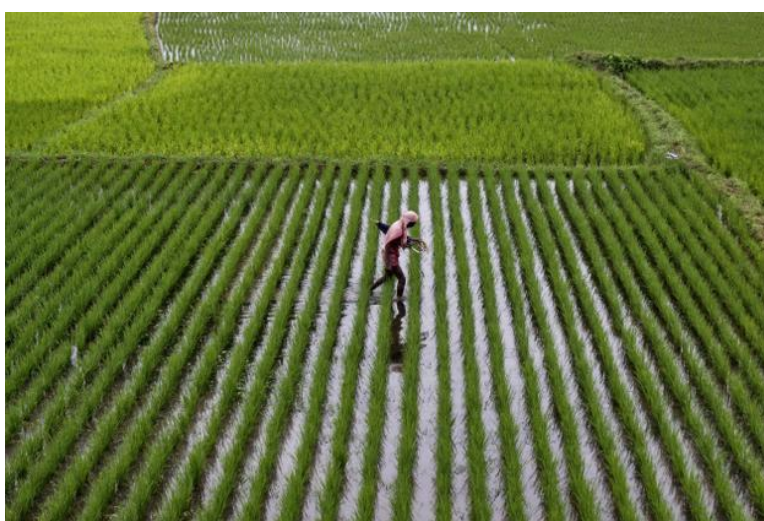
“The crop was chiefly raised as a rain-fed variety and the failure of monsoon brought havoc to the farmers,” says R. Raja Chidambaram, State secretary, Tamizhaga Vivasayigal Sangam. “The problem this year is peculiar as rain was not evenly distributed in the district. Those who could irrigate their fields are battling hard to save the crop by supplying the available waters from their wells,” he says. With an assured market as a poultry feed in Namakkal and surrounding belts, the farmers usually get attractive returns in normal season. “But, the crop has failed twice. A sudden downpour in 2010 had caused extensive damage to the crop. This season, it was due to lack of irrigational facility,” says a section of farmers, who had incurred a huge loss in and around Veppanthattai.

A farmer from Kudikadu village near Veppanthattai says he had invested about Rs. 15,000 an acre anticipating a harvest of about 30 bags an acre. He had planned to sell the maize for Rs. 30,000 at the rate of Rs. 1,000 per bag, thereby registering a profit of Rs. 15,000.

Although the crop has not withered away in other areas, farmers are not hopeful about the prospects of the yield. “It will take at least a month to ascertain the health of the crop based on its flowering capability,” Mr. Raja Chidambaram said.

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### Rice formula on the back burner



*Rice farmers: A proposal that could correct past mistakes and improve paddy production on a sustainable basis.*

**A forgotten document on low cost, eco-friendly and community based approach to rice cultivation could hold the key for improving the grain’s yield across the country**

About three decades back, when Indira Gandhi was the Prime Minister, the Prime Minister's Office had asked India's senior most rice scientist Dr. R.H. Richharia to prepare a plan for improving rice production in the country. Dr. Richharia had earlier been the Director of the Central Rice Research Institute, Cuttack.

Braving poor health and advanced age, Dr. Richharia prepared an invaluable document titled 'A Specific Plan of Action for Increase in Production of Rice', which still remains highly relevant. However, following the sudden death of Mrs. Gandhi, all interest in the plan appears to have been lost in subsequent years. Subsequently when Dr. Richharia expired, there was no one left to pursue the matter with the PMO and the government. This plan document needs to be revived as it offers a great potential for rice cultivation on a sustainable basis with the involvement of rice farmers.

In fact, one of the outstanding features of Dr. Richharia's career was that he worked in close cooperation with farmers, including tribal farmers of remote villages in Bastar. His plan gives full credit to the wisdom of farmers and involves them in a bottom-up approach. This is very different from the centralised approach often seen in agricultural development and research in India.

A basic feature of rice cultivation is that it is grown in very different conditions almost all-over India (conditions differ from field to field in a single village) and it is for this reason that over the years a great diversity of indigenous varieties have evolved, each variety being suitable for different conditions, with different qualities. Dr. Richharia's plan is based on respecting this basic feature of rice cultivation. In other words, his plan is based on the rich diversity of indigenous varieties.

He wrote: "If we were to think of a single characteristic feature of the rice crop which yields food for millions, it cannot be anything else unless it is its variability in the form of thousands of its cultivars, spread in India and in other rice growing belts of the world. This is because of the rice plant's flexible genetic make-up and mutational power to adoption. This means the concept of wider adaptability does not work in rice. Again, rice farmers usually stick to their own varieties, as they possess deep knowledge to harvest a crop even under the most stressful situations and they also possess high yielding varieties of their own which are generally not included in extension programmes, which is a major lapse." For example, in a survey carried out in Madhya Pradesh during 1971-74, eight per cent of the indigenous rice types were observed to fall under the category of high yielding types, fixing the minimum limit of 3705 kg/Ha.

Before outlining his plan, Dr. Richharia had identified some weaknesses of the existing official approach. He wrote, "The main constraint has been the hurried introduction of the undesirable new rice material, the HYVs (dwarfs) on which we based our strategy, replacing even the reputed high yielding varieties of the locality, forgetting at the same time unexpected drought situations, under which the HYVs lowered the yields. In addition, under heavy fertilisation and irrigation, the HYVs proved susceptible to diseases and pests which cannot be controlled easily, thus again pointing towards reduction of yield.

When the base is, in itself, weak (meaning the new rice material), a mansion built on it, must collapse. In planning, too, stress was not laid on improving the inexpensive local resources which matter in agriculture. The stress has been more on making Indian agriculture 'factory-oriented'. Organic and ecological farming with which the farmers are familiar and which they prefer, finds little place in our research and planning process after 1965...The agro-ecological balance has been disturbed in the environment in respect of the existing rice germplasm which has been built up in course of time for centuries by the natural process of breeding and selection by farmers."

To correct past mistakes and to improve rice production on sustainable basis, Dr. Richharia proposed a three-point plan of action. It was suggested that rural adaptive rice centres (to be known as farmers' rice centres or Kisani Dhan Kendra) may be established, as many as possible, all over the country, with about one hectare of land for each centre.

"The adaptive rice centres will be the custodians of all local rice cultivars in respective localities, assembled immediately, supplemented, if necessary, by the already available materials of the locality at different research centres. They will be maintained under their natural habitat to safeguard the future. They will be known as local treasuries of rice germplasm, a term suggested by Dr. Frankel of Australia. In course of time, those farmers' centres may be further expanded to embrace varieties of other crops of the surrounding locality with a similar programme, (also to serve as a local gene bank)."

The functions of the centres would be: (a) to maintain the evolved rice genetic material for future studies and use, as it is practically impossible to retain it in its original form at a central place in India or abroad. It can be maintained in its original condition at its natural habitat only seeking help of the rice growers themselves, (b) to educate the young farmers to appreciate the value and importance of their own material, adding new ones as their hobby, (c) the rice growers in general stick to cultivate their own indigenous rice varieties. If the improved seeds of their own varieties by simple selection method (to be done by the trained worker and the nearby local

research centres may also do) are offered to them, under their original names, they would gladly accept them. Indigenous seeds would be distributed from the centres in small quantities and the farmers would be explained how to multiply them rapidly by clonal propagation method which would be demonstrated to them at the centre.

“It may be asked, “will the rice cultivators absorb and follow up these methods which apparently seem complex?” The answer is that during our extensive surveys of the rice regions of India, we observed that the rice farmers have been following more complicated systems to keep their rice culture vigorous and maintaining their thousands of rice varieties from times immemorial,” Dr. Richharia observed.

The plan recommended by Dr. Richharia is highly eco-friendly as it emphasizes the existence of indigenous seed varieties which can give high production without any chemical fertilisers and pesticides.

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# THE NEW INDIAN EXPRESS

## Higher vegetable prices push retail inflation up to 9.84% in September



*Vegetable price rose by 34.93 per cent in September as compared to 26.48 per cent in August. (File/EPS)*

Retail inflation rose marginally to 9.84 per cent in September, mainly due to a hike in food prices, particularly of vegetables. Retail inflation measured in terms of consumer price index (CPI) was at 9.52 per cent in August. Retail inflation for rural and urban areas in September stood at 9.71 per cent and 9.93 per cent, respectively. The same was 8.93 per cent and 10.32 per cent (revised figures) in August. Vegetable price rose by 34.93 per cent in September as compared to 26.48 per cent in August.

Similarly, fruit prices shot up by 9.33 per cent to 5.19 per cent.

Inflation in the food and beverages segment rose by 11.44 per cent in the month under review as against 11.06 per cent in August. For CPI inflation, price data are collected from select towns by the National Sample Survey Organisation (NSSO) and from select villages by the Department of Posts. Earlier in the day, the official data revealed that the inflation measured in terms of wholesale price index rose for the fourth straight month to 6.46 per cent in September, mainly due to higher prices of onion and other vegetables and fruits.

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# *The Indian* **EXPRESS**

Higher vegetable prices push retail inflation up to 9.84 pct in Sept



*Vegetable price rose by 34.93 per cent in September as compared to 26.48 per cent in August. AP*

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### Soaring vegetable prices pinch the palate in Lucknow

Vegetable prices are soaring at such a pace that buying vegetables or fruits from your local greengrocer is akin to making purchases at international prices.

To cite an example: apple is being sold at Rs. 80 per kg -- very close to its euro exchange rate of Rs. 82.

Similarly, onion is being sold at Rs. 60 against the US dollar exchange rate of Rs. 61.

Not far behind is tomato, a must for every kitchen basket. It is being sold at Rs. 45-50, at par with the Singapore dollar, exchange rate for which is Rs. 48 at present.

The comparison may sound strange, but it goes to show how much the vegetable prices have escalated, from 100 to 150% in the last two months.

Significantly, as prices went up due to reasons other than inflation, monsoon (which affects crop production, storage and movement of trucks), they did not come down even after monsoon was over.

"The price of ladyfinger, that was Rs15 to Rs. 20 per kilogram in February, went up to Rs. 45 during July and August and now it is Rs. 40. Even pumpkin is priced at Rs. 35 per kilogram. The price is almost double of that in April," said a housewife Rashmi.

The rates are the same, whether it is Dubagga vegetable market, Chowk, Nishatganj, Aliganj or Indira Nagar market.

Vegetable price rise is significant as it increases primary food inflation and adds to wholesale price index in the district.

If prices do not come down and remain stable, any next crisis will trigger a further price rise.

This might severely affect kitchen fires, troubling people who wish to enjoy a variety of food during the forthcoming winters.

"If the monsoon price of pumpkin can jump from Rs. 22 to Rs. 40, should we expect next year's jump to be from Rs. 40 to Rs. 80, making even pumpkin out of the reach of common middleclass families?" asked Rakesh Kumar, a private sector employee.

"Tomato was priced at Rs. 20 per kg till last year. This year, the price went up to Rs. 50 and then settled at Rs.30.

So, if there has been a rise of Rs. 10 in the base rate in one year, should we expect tomatoes to be sold at Rs. 100 next year, during the crisis period ? Rakesh wanted to know.

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## Weather

▼

Chennai - INDIA

**Today's Weather**

**Tuesday, Oct 15**

Max    Min

33° | 26°

Rainy

Rain: 24                      Sunrise: 05:59

Humidity: 94                Sunset: 05:50

Wind: normal                Barometer: 1009

**Tomorrow's Forecast**

**Wednesday, Oct 16**

Max    Min

33° | 26°

Cloudy

**Extended Forecast for a week**

Thursday Oct 17	Friday Oct 18	Saturday Oct 19	Sunday Oct 20	Monday Oct 21
34°   25°	34°   25°	29°   27°	28°   26°	28°   26°
Partly Cloudy	Partly Cloudy	Overcast	Overcast	Overcast

**Airport Weather**

▼
Delhi

Rain: 0                      Sunrise: 06:21

Humidity: 83                Sunset: 05:52

Wind: normal                Barometer: 1009

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# THE TIMES OF INDIA

## Wholesale onion prices up 19% over 1 working day

### NASHIK/MUMBAI

Another round of onion woes is in store for Mumbaikars. On Monday, the average wholesale price of onions at the Lasalgaon APMC hit a high of Rs 5,501 per quintal (Rs 55 per kg) owing to a "decline in supply". This is a Rs 900, or 19.16%, rise over the previous working day, which was Friday. Market sources attributed the escalation to short supply: daily arrivals of 8,000 quintals a month ago had reduced to 500 quintals on Monday.

Simultaneously, word arrived that inflation was at a seven-month high of 6.46% during September. It confirmed the burden the taxpaying citizen continues to shoulder each day. Women making purchases for Navratri last Saturday were shocked to see neighbourhood vendors quote Rs 50 a dozen for the humble banana, Rs 10 more than the average rate of Rs 40. Despite a bountiful monsoon that would be the envy of other agrarian economies, consumers are yet to see any relief in the price of essentials. Since the beginning of the year, common vegetables, including cauliflower, cluster beans and lady's finger, have sold for Rs 60-80. Three months since the onion pangs first surfaced in August, the bulb remains a sore point with voters across the nation. "We are still paying Rs 55-60 per kg. Middlemen are squeezing us for profit since 90 days ago, enough to grow two onion crop cycles," said Neela Shevade, a retired banker from Dahisar. The official rate of onion at the Maharashtra government's fair price shops was Rs 52 on Monday, offering little consolation.

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## Vegetables turn dear again in Delhi

### NEW DELHI

There was a slight break from rising vegetable prices in September when a break in rainfall over northwest India pushed supply in Delhi. However, another spurt of heavy showers has seen supply dip again. In fact, wholesalers are expecting a further rise in price of onions due to rain in the south of India.

"The price of onion in Bangalore on Monday was Rs 40-45 against Rs 30 per kg on Friday. This is expected to have an impact in Delhi in the next coming days. An increase in demand due to Eid has also pushed up prices. There will be no respite for Delhi till the crop from Alwar doesn't come in by November," said Surinder Sahani, proprietor, Gujarat Onions Co.

The price of onion had touched Rs 70 per kg on Monday, up by Rs 5-7 since the past week. Other vegetables too have been affected by unseasonal rain in north India. The average wholesale rate for beans has gone up from Rs 19 per kg on August 1 to Rs 51 per kg on October 14. Its retail price on Monday was Rs 80-85 per kg. Capsicum, whose rate had dipped towards the end of August, was up to an average of Rs 37 per kg on Monday in the wholesale market and Rs 100-120 in the retail market.

"Beans are coming in from Himachal Pradesh and have been affected by the heavy unseasonal rain. Peas are also similarly affected and their price is quite high," added Sahani.

Rajendra Sharma, chairman of the Delhi Agriculture Marketing Board said that the impact of cyclone Phailin would also be felt on prices of fruits and vegetables since whatever was being grown in Odisha would have been destroyed in the heavy showers and subsequent flooding. "Because crops have been ruined there, the government will source vegetables and grains from neighbouring states. This will put additional pressure on an already limited supply," he said.

Sources said that prices would finally stabilize and then fall only after Diwali. "We will see an immediate impact on prices when the rain stops. Diwali is in the beginning of November and by that time we will see prices come down gradually," said sources.

Meanwhile, even as inflation figures for September showed that price of pulses had come down, Delhiites did not benefit from this. Kirana store owners said that pulses, rice, flour etc had been at the same level for the past few months.

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## Goat prices up in Coimbatore ahead of Bakrid

### COIMBATORE

Inflation hasn't spared Bakrid. At the traditional goat bazaar in the inner lanes of Kottaimedu in Ukkadam, dealers and breeders are negotiating hard. The consensus is prices are up though the two sides don't agree by how much.

Every Bakrid season, the Kottai Eswaran Temple Street transforms into a full-fledged bazaar in the days goat breeders arrive with their flock. This year, prices have shot up and even the normal goat varieties are being sold at rates ranging from Rs 8,000 to Rs 15,000 for an animal. The goat bazaar is also unique in another sense as majority of the goat sellers are Hindus. Bakrid is an important date in their business calendar.

"I have about 60 goats here at the market and am hoping to get a good price for them. Most of them are Adikarinji breed from Trichy. My starting price is Rs 8,000 and I have already sold a few," said B Nandhakumar from Alandurai at the market.

The goat sellers and buyers, however, grind traffic in the locality to a halt. But people don't mind as it is an annual event and an important festival. Majority of the goats at the bazaar this year are local breeds but there are exotic ones like Sirohi, from Rajasthan, which fetches almost Rs 18,000.

"Goat prices have gone up by at least Rs 1,000 this year. We did not have enough rain and there was fodder shortage making rearing goats slightly difficult for us," said R Subramanian, who has arrived with 24 goats to be sold at the market from Kalappanaickenpalayam outside the city limits.

The goat bazaar at Kottaimedu is the biggest in the city though temporary bazaars come up at Karimbukkadai and Marakkadai ahead of Bakrid, which falls on October 16, Wednesday. "Most people from Ukkadam and nearby areas come to Kottaimedu to buy goats making it the biggest goat bazaar in the city. There are a large number of sellers and animals here making it a better

option for the buyers to come to Kottaimedu," said Ayoob Riyaz, an MCA student and a resident of Kottaimedu.

M Y Subair, another resident of Ukkadam on the lookout for a goat for his family, said that apart from the price, the physical condition of the goat also has to be checked thoroughly. He added that as per the tradition and ritual, the animal chosen for Qurbani (sacrifice) should be pure and free from any deformity or blood wounds on its body.

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### Fertiliser prices to decline for rabi season

#### COIMBATORE

With fertiliser prices continuing to decline in the international market, farm gate prices of fertilisers could decrease during the rabi season that coincides with the North-East monsoon.

Global fertiliser prices continue to decline due to demand-supply mismatch. Global DAP (di-ammonium phosphate) prices are currently ruling at \$368 per metric tonne (MT) compared to \$475 per MT in July this year. Ammonia prices have corrected to \$490 per MT currently due to improvement in supply over the last few months.

Potash prices are currently ruling at \$380 per MT and are expected to slide further post the break-up of joint venture (JV) between Uralkali and Belaruskali, according to Balwindar Singh, analyst, institutionalequities, Prabhudas Lilladher. The JV was the world's largest potash alliance

"We believe such reduction in prices will be beneficial for the sector and would help to spur agri-inputs consumption. Further, even after the reduction in prices, companies would be able to maintain their (profit) margins," he said. However, the delay in receiving subsidies remains a key risk for the sector, he said.

Though sales of complex fertilisers such as DAP has decreased 13% year-on-year (y-o-y) in September on the back of a decline in trading volumes, company-level sales growth would revive in the next two quarters, Singh said. The inventory situation has normalised and expectations about the rabi crop are also strong, he said.

While manufactured volumes of fertilisers have improved locally, imports continue to decline as importers have refrained from making overseas purchases. However, imports are likely to pick up again as inventory in the system has normalised and the rupee has stabilised, Singh said.

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## Onion prices soar again at Lasalgaon

### NASHIK

The average wholesale price of onions at the Lasalgaon Agriculture Produce Market Committee (APMC) - the country's largest onion market - touched the previous (September 17) all-time high of Rs 5,501 per quintal on Monday.

The price registered a 19.16% increase at the APMC as compared to the previous working day on Friday due to decline in supply.

In the retail market across Nashik, good quality onions were sold in the range of Rs 50-55 a kg on Monday. In the district APMCs, the average wholesale onion prices were recorded in the range of Rs 4,751 to Rs 5,501 per quintal on Monday against Rs 4,551-Rs 4,700 on Friday.

"The average wholesale onion prices increased by Rs 900 per quintal on Monday. Presently, the commodity arriving in the market is the summer crop harvested in April-May.

The summer stocks stored by the farmers have almost exhausted. As a result, the daily arrival, which was around 8,000 quintals per day at Lasalgaon a month ago, has reduced to 500 quintals on Monday," market sources said.

The average wholesale onion prices increased by Rs 900 per quintal on Monday. Presently, the commodity arriving in the market is the summer crop harvested in April-May.

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## FOOD PRICES PUSH INFLATION UP, NOW...



Respite from soaring prices of essential commodities is something the common man may not be able to think of in the near future as dearer food items, especially onions and vegetables on the whole, took inflation for the month of September to a seven-month high of 6.46 per cent.

Ironically, Food Minister KV Thomas blamed greater cost of production owing to NREGA (the UPA's flagship programme) wages, besides higher MSP, for the rise in inflation.

Though the Wholesale Price Index-based inflation went up for the fourth month in a row, it touched its highest point in September 2013, according to data released by the Government on Monday.

Inflation was 6.1 per cent in August and 5.85 per cent (revised upward from 5.79 per cent) in July. Overall, food inflation increased at a higher rate in September at 18.40 per cent as compared to the previous month. Inflation in this segment was 18.18 per cent in August.

The sharpest increase was in onion prices which jumped by 322.94 per cent in September, over the same month last year. Vegetables in general were costlier by 89.37 per cent year-on-year making life difficult for the common man.

As if this was not enough, fruits, too, were costlier by 13.54 per cent year-on-year during September. Even Planning Commission Deputy Chairman Montek Singh Ahluwalia accepted that if inflation is higher than 6 per cent then it is at an "uncomfortable" level. However, he expressed confidence that it would ease in the coming months.

The Reserve Bank, which is scheduled to unveil the second quarter review of monetary policy on October 29, will factor in the rising inflation while deciding on the policy rates amid rate cut demand by industry to boost economic activities.

The August IIP data, a key economic indicator, showed that industrial output expanded by meagre 0.6 per cent. The data further revealed that there was decline in prices of egg, meat, fish, beverages, tobacco, cereals, rice and wheat in the month under review over August.

The inflation in the manufactured items segment was 2.03 in September year-on-year. Inflation for LPG and petrol was at 9 per cent and 9.64 per cent, respectively, on annual basis.

“I agree that inflation rate is still on the high side but it will soften in a month or so. The comfort level of inflation is 5-6 per cent and if it is higher than 6 per cent, it is uncomfortable,” Ahluwalia told reporters.

He said the steps taken by the Government to de-stock the excess food stocks would result in cooling off of prices in few weeks ahead. A Barclays report said onion prices are reported to be softer in October, and “we continue to expect food prices to normalise somewhat in the coming months on the good monsoon and a large increase in sowing”.

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# DECCAN Chronicle

## Wholesale, retail inflation up



### New Delhi

Wholesale and retail inflation jumped in September led by high food prices. Inflation based on the Wholesale Price Index (WPI) rose to a seven-month high to 6.5 per cent in September and the consumer price index (CPI) based inflation inched higher to 9.84 per cent.

In WPI, food prices were up by 18.40 per cent in September in comparison to last year as onion prices rose by 322.94 per cent. The vegetable prices rose by 89.37 per cent, rice by 18.76 per cent, fruits by 13.54 per cent and egg, meat and fish by 13.37 per cent. Fuel inflation was also up by 10 per cent in September.

“While good monsoons this year, both spatially and temporally, will result in an above average growth in agriculture GDP of around 4.5 per cent, high agricultural growth is unlikely to help tame food inflation,” said rating agency Crisil. In August and September food inflation was driven largely by around 80 to 90 per cent rise in prices of vegetables.

The main kharif crop would be harvested from October onwards which will provide some relief for food inflation in particular, said Madan Sabnavis, Chief Economist at Care Ratings.

However, he said price of vegetables are not part of the conventional kharif output that is expected to be good. Therefore pressure points will remain on this end.

Also, core inflation (non-food manufacturing inflation) continued to remain weak at 2.1 per cent indicating the weak pricing power of the companies due to the economic slowdown. It was at 1.9 per cent in July.

Dhananjay Sinha head, institutional research, Emkay Global Financial Services Limited said “our discomfort on future inflation trajectory emanates from the fact that policy changes and consumption boost caused ahead of the upcoming elections are expected to aggravate inflation further.”

These include pick up in retail credit (Aug credit growth at two year high of 17.8 per cent y-o-y) and higher election related spending stimulating consumption.

However, Planning Commission’s deputy chairman Montek Singh Ahluwalia said that inflation will soften in a month or so and that the prices of items like onions have already started declining.

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# THE HINDU Business Line

## Kharif paddy



*Rich harvest: A farmer watches a combine-harvester working his field near Muktsar in Punjab. Marketing of this year's crop began early this month in Punjab and Haryana, with paddy procurement by government agencies already crossing 2.5 million tonnes. — Ramesh Sharma*

## Spot rubber weak on lack of buyers

### Kottayam

Physical rubber prices ruled weak on Monday.

Another sluggish closing in domestic futures and the absence of quantity buyers from the consuming sector continued to keep the market under pressure.

Sheet rubber dropped to Rs 164.50 (Rs 165) a kg at Kottayam and Kochi, according to traders and the Rubber Board.

The trend was mixed and the volume was low.

October futures weakened to Rs 163.50 (Rs 164.48), November to Rs 165.60 (Rs 166.02), December to Rs 167.81 (Rs 168.03) and January to Rs 168.50 (Rs 169.78) for RSS 4 while the February and March futures were inactive on the National Multi Commodity Exchange. RSS 3 (spot) declined to Rs 156.32 (Rs 157.34) at Bangkok.

Spot rubber rates Rs/kg: RSS-4: 164.50 (165); RSS-5: 158 (158); Ungraded: 154 (155); ISNR 20: 157 (157) and Latex 60%: 126 (127).

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### **Mahyco ready to launch GM cotton variety that can tackle herbicides**

Maharashtra Hybrid Seeds Co Ltd, in partnership with Monsanto, is ready to introduce a new version of genetically-modified cottonseed in Indian market. The new version, Bollgard II Roundup Ready Flex, will provide protect the crop from herbicides, a common chemical used by farmers, to control weeds.

#### **herbicide tolerant**

In a cotton field, spraying of herbicide will not only kill the weeds but also the crop.

Bharat Char, Head of Biotechnology Research at Maharashtra Hybrid Seeds Co Ltd (Mahyco), said that the Bollgard II Roundup Ready Flex will provide tolerance to herbicide in the cotton plant for effective weed control and protection from bollworms.

The new variety will allow farmers to spray herbicides to kill the weeds but spare the cotton crop at the same time, he said.

Char said that the company has been working on herbicide-tolerant seeds since 2006.

It took three years of evaluation for the company to introduce this technology into the cotton hybrid seeds.

In 2009, the company undertook bio-safety trails, and in March it applied to the Genetic Engineering Approval Committee, under the Ministry of Environment and Forest, to release the variety commercially, he said. Mahyco Monsanto Biotech, a joint venture between Mahyco and Monsanto Holdings, has provided the technology for the seeds.

It is built on the existing *Bacillus thuringiensis*-based technology.

Char said that seeds will allow flexibility to farmers in application of herbicides for weed control.

All types of annual and perennial weeds in the cotton farms can be controlled by using the seeds.

It will also reduce cost of cultivation.

Ritesh Mishra, Head of Regulatory Affairs at Mahyco, said that many times weeds tend to absorb more nutrients than the crop.

In the first six weeks after planting, the competition between crop and weed is most intense and during this period, weed management needs to be done very effectively.

Here the new seed variety could come into play.

Mishra said that once the technology is accepted by the committee then company will ramp up its production.

Assuming Mahyco gets the green light by November, then large-scale seed production can be done for the 2014 and 2015 kharif season, helping the company to tap the market fully.

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#### 14 projects cleared under coconut technology mission



The Technology Mission on Coconut (TMOC) has cleared 14 projects at an outlay of Rs 19.25 crore and a subsidy of Rs 2.86 crore.

A decision in this regard was taken at the 41<sup>st</sup> meeting of the Project Approval Committee (PAC) on TMOC under the chairmanship of T.K. Jose, Chairman, Coconut Development Board.

Under the project component “Processing and Product Diversification”, proposals from 10 coconut processing units have been cleared. This includes setting up of five desiccated coconut powder manufacturing units, two tender coconut water units, one coconut shell charcoal unit, one coconut shell powder unit and one ball copra unit.

Three research projects are also among the approved projects. One unit has been approved for market promotional activities of coconut kernel products on reimbursement basis.

In Kerala, one unit has been given permission for producing desiccated coconut powder with a capacity to process 15,000 nuts a day.

In Karnataka, four units of desiccated coconut powder with a capacity to process 2,40,000 nuts a day and one TCW processing unit with a capacity to process 30,000 tender coconut a day have been approved.

In Tamil Nadu, one unit has been cleared for packing tender coconut water with a capacity to process 60,000 packets a day. Another unit has been allowed to produce coconut shell powder



with a capacity to process 6.6 tonnes /day , while one coconut shell charcoal unit has been cleared with a capacity to process 3.24 tonnes/day.

In Andhra Pradesh, the panel sanctioned one ball copra unit with a capacity to process 60,000 nuts/year.

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## **Downtrend continues at Kochi tea sale**

### **Kochi**

Tea prices dropped at Kochi tea auctions last week following higher offerings.

At sale No 41, the quantity on offer in CTC dust category was 14,55,000 kg. The market opened Rs 5-10 lower and prices declined to the tune of up to Rs 20 as the sale progressed. It also witnessed heavy withdrawals.

However, the drop in prices was less for low medium and plainer varieties, according to auctioneers Forbes, Ewart and Figgis.

There was a better export enquiry compared with last week and it was confined to medium and plainer teas.

The quantity on offer in orthodox dust was 10,500 kg and the market sold around last levels.

Exporters covered useful quantity under orthodox category also.

In the best CTC dusts, PD grades quoted Rs 102-118, RD varieties fetched Rs 118-150, SRD ruled at Rs 126-152 and SFD stood at Rs 130-160.

The leaf sale also witnessed a declining trend and the quantity on offer in the orthodox grades was 1,72,500 kg.

The select best Nilgiri sold around last level. Others were irregular, while medium tippy grades barely remained steady.

The quantity on offer in leaf category was 76,000 kg and the demand was fair. The market was lower by Rs 3-5 and witnessed heavy withdrawals.

In the dust category, Manjolai SFD fetched the best prices of Rs 169 followed by Sholayar SFD and Kallyar SFD at Rs 161 each. In the leaf varieties, Pascoes Woodlands Hyson Green Tea quoted the best prices of Rs 287 followed by Chamraj FOP-Sup (Green Tea) at Rs 272.

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## Milk prices on the boil as fuel, feed costs increase



Milk prices across the country are set to rise ahead of the festival season, posing further problems to customers already reeling under surging prices of tomatoes and onions.

Market leader Gujarat Co-operative Milk Marketing Federation (GCMMF), which owns the Amul brand, has increased prices of pouched milk by 5-7 per cent. This will come into effect from Tuesday.

This is the second time that Amul has increased prices this year, after the one in April. Other players such as Mother Dairy, Hatsun, SMC Foods and Sterling Nova are expected to follow suit.

In fact, Karnataka Milk Federation, which owns the Nandini brand, had raised prices in September by Rs 2 a litre.

Defending the latest price increase, R.S. Sodhi, Managing Director, GCMMF, said: "Our price hike is lower than the general food inflation in the country." Sodhi blamed rising production and logistics costs on account of increase in fuel prices and fodder prices.

The extended monsoon has hit the availability of both dry and green fodder raising the costs by 20 per cent, he said.

Before increasing milk prices, Amul had hiked prices of products such as butter, paneer and cheese among others by an average of 10 per cent in the past one-to-two months.

Admitting that there was pressure from milk producers to increase prices, Sodhi said unless the farmers were paid properly, they could move away from dairying.

Amul, Sodhi said, pays about 80 per cent of the product price to farmers.

Food inflation for September ruled high at 18.4 per cent on higher onion and cereal prices. In fact, milk prices have risen by some 62 per cent since October 2009.

In the same period, prices of onion have increased 1.5 times, while tomato rates have doubled. Edible oil, mainly sunflower, has kept pace with rising milk prices. “There is a cost pressure build-up,” said R. Chandramogan, Chairman and Managing Director of Hatsun Agro Products, citing logistics and processing costs.

“It is a matter of time before we increase the price, but we have not decided on the quantum so far,” he said.

“We are keeping a close watch on the procurement prices as well as raw material prices and input costs that affect the farmers. We will review our consumer prices of milk if required,” Mother Dairy said in a statement.

Sandeep Agarwal, Director of SMC Foods Ltd, which sells pouched milk under the Madhusudhan brand in Delhi and the National Capital Region, said that the hike was overdue as excess stocks of skimmed milk powder (SMP) had kept a lid on prices over the last 1-1.5 years. “The backlog had to be cleared and the latest round of hike will take care of prices till March,” Agarwal said, adding that his company was in discussion with its peers on increasing prices.

SMP exports since June last year, when the Government allowed shipments, are estimated at around 1.3 lakh tonnes.

A weak rupee in the recent past had made the Indian SMP exports attractive and the monthly shipments are estimated at 7,000-8,000 tonnes. “Shipments are almost negligible now and we are honouring the earlier commitments,” Sodhi said.

SMP exports are unlikely to have an impact on the domestic availability of milk as the flush or peak milk producing season will start soon.

India is the largest milk producer and the milk output stood at 133 million tonnes last year. SMP exports accounted for less than half per cent of the milk produced in the country.

An estimated one million tonnes of milk are required to produce about 1.5 lakh tonnes of SMP.

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## Stage set for North-East monsoon over peninsula

### Thiruvananthapuram

Withdrawal of the South-West monsoon is expected to pick up speed over the next few days, clearing the way for the North-East monsoon over the southern peninsula.

The ground is being set by the fading away of a remnant of Bay of Bengal cyclone Phailin over Jharkhand-Bihar, according to indications by various weather models.

Also of significance is the activity in the North-West Pacific/South China Sea just to the east, which is hosting two typhoons or tropical cyclones.

Of these, Typhoon Nari was negotiating the waters of South China Sea and headed west towards Vietnam where it is expected to make a landfall by Tuesday morning. West-bound storms in the South China Sea at this time of the year are known to herald the easterly winds across Thailand/Vietnam into the Bay of Bengal and help establish the North-East Monsoon. In fact, model outlooks suggest the Bay responding to the 'rain pulse' from typhoon Nari and the wind pattern becoming increasingly easterly during the next few days.

### **SWIFT WITHDRAWAL**

Simultaneously, a helpful circulation in the West Arabian Sea away from the India coast and moving further away, could expedite the flow of easterlies across the peninsula. All this means that overstay of South-West monsoon would come to a swift end over the next few days and the North-East monsoon may announce its onset around the usual timeline of October 15-20.

An India Meteorological Department update said on Monday that rain and thundershowers would occur over many parts of the southern peninsula and Andaman and Nicobar Islands from Thursday.

### **34% tea unsold at Coonoor auction**

#### **Coonoor**

Some 34 per cent of 18.14 lakh kg offered for Sale No: 41 of Coonoor Tea Trade Association (CTTA) auctions was unsold due to slack demand.

Homedale Estate tea, auctioned by Global Tea Brokers, topped the CTC market with Shah Traders buying it for Rs 185 a kg.

Crosshill Estate got Rs 177, Hittakkal Estate Rs 176 and Vigneshwar Estate Rs 175. In all, 64 marks got Rs 125 and more for a kg.

Corsley topped the orthodox market at Rs 231 a kg. Chamraj got Rs 222, Kodanad Rs 202 and Highfield Estate Rs 196. In all, 48 marks got Rs 125.

“We get our required quality tea at lower price at the North Indian auctions. Besides, the transport problem due to Telangana issue is making mobility to North via Andhra uncertain,” a buyer told *Business Line*.

Pakistan was active in Rs 70-95 and the CIS, Rs 64-90. The shut-down in the US is hitting export to that destination.

Quotations held by brokers indicated bids ranging Rs 63-70 for plain leaf grades and Rs 115-145 for brighter liquoring sorts.

They ranged Rs 70-76 for plain dusts and Rs 120-175 for brighter liquoring dusts.

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### Export demand may bloom for cotton after Diwali



Cotton price declined on the back of limited buying and increasing arrivals of quality cotton.

But things could change post-Diwali as export demand is likely to emerge.

Until then, the market sentiment is likely to be weak and prices may drop further this week.

According to traders, cotton price may decline further despite demand from mills gaining in the near future.

Gujarat Sankar-6 best cotton traded lower by Rs 200-300 at Rs 45,000-45,500 a candy of 356 kg.

Rain damaged cotton was traded at Rs 42,000-43,000 in Gujarat.

*Kapas or raw cotton declined by Rs 5-7 to Rs 800-950 for a maund of 20 kg for medium grade and super quality kapas quoted at Rs 1,050-1,110.*

*About 10,000-12,000 bales of 170 kg cotton arrived in Gujarat and 40,000 bales arrived across the country.*

*Traders said that the buying activity is slow as buyers are waiting for quality cotton.*

*However, industry experts said that price may not decline much or will not go below Rs 43,000 as domestic mills are likely to come to the market by month-end.*

*Meanwhile, erratic weather in parts of the cotton growing regions in Gujarat, Maharashtra and Andhra Pradesh is likely to hamper the earlier projections for a bumper crop this season.*

*While traders had estimated an all-time high crop of around 40 million bales, the Government has put a comparatively conservative estimate of 35.3-37 million bales. Trade bodies are now cutting their earlier estimates.*

### Stockists begin purchase of edible oils



Barring palmolein, which rose by Rs 3 for 10 kg on higher demand, all other edible oils ruled steady on Monday.

Delay in arrival of the new crop at the producing centres due to recent rains pushed up domestic soya oil futures. Groundnut oil declined by Rs 25 due to clear weather and improved arrivals and selling. Shailesh Kataria of Riddhi Brokers told *Business Line* that continuous buying by stockists for Diwali kept volumes active. More than 2,000 tonnes of palmolein were sold by local

refineries on Monday. Last week more than 9,000 tonnes of edible oil were purchased by local traders.

Towards the day's close, Liberty was quoting palmolein at Rs 562, super palmolein Rs 595 and super deluxe Rs 615, soyabean refined oil Rs 700 and sunflower refined oil Rs 810. Ruchi quoted palmolein at Rs 560-562 and sunflower refined oil Rs 785. Allana was quoting palmolein at Rs 562-564, super deluxe Rs 600 and sunflower refined oil Rs 810.

In Rajkot, groundnut oil lost Rs 50 to Rs 1,350 for *telia* tin and loose (10 kg) dipped by Rs 25 to Rs 875.

Malaysia BMD crude palm oil's November contracts settled lower at MYR 2,362 (MYR 2,379), December at MYR 2,362 (MYR 2,380) and January at MYR 2368 (MYR 2384).

The Bombay Commodity Exchange spot rates (Rs/10 kg) were: groundnut oil 900 (900), soya refined oil 685 (685), sunflower exp. ref. 730 (730), sunflower ref. 785 (785), rapeseed ref. oil 730 (730), rapeseed expeller ref. 700 (700) cottonseed ref. oil 685 (685) and palmolein 560 (557).

Vikram Global Commodities (P) Ltd quoted Rs 630/10 kg - for Malaysia super palmolein - October/Nov delivery.

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### Bulk buyers keep away from rice market



Paddy arrivals dropped to around 1 lakh bags on Monday compared with the levels witnessed last week.

Arrivals have dropped mainly for PR varieties as most of the kharif crop has arrived in markets, said Tara Chand Sharma, proprietor of Tara Chand and Sons.

The inflow is likely to remain sluggish while arrivals of pure basmati paddy are likely to start by month-end, he said.

In the physical market, sluggish domestic demand coupled with arrivals of new rice pulled the prices down by nearly Rs 500 a quintal, said Amit Kumar, proprietor of Ginni Rice.

Bulk buyers are still keeping out of the market as they are expecting prices to fall further. Rice market is likely to rule range-bound for a next few days, he added.

Pusa-1121 (steam) dropped by Rs 400 to Rs 7,500-7,550 a quintal, while Pusa-1121 (sela) eased by Rs 300 to Rs 7,000-7,100. Pusa-1509 (sela) decreased by Rs 500 to Rs 6,000.

Pure Basmati (Raw) quoted at Rs 11,000. Prices of Duplicate basmati (steam) decreased by Rs 400 to Rs 6,000-6,100.

For the brokens of Pusa-1121, Dubar quoted at Rs 3,700, Tibar sold at Rs 4,400 while Mongra was at Rs 3,100.

In the non-basmati section, Sharbati (Steam) sold at Rs 4,500 while Sharbati (Sela) quoted at Rs 4,200-4,250.

Permal (raw) went down by Rs 100 and sold at Rs 2,250-2,300 while Permal (sela) dropped by Rs 50 and went for Rs 2,300 .

Prices of PR-11 (sela) eased by Rs 150 and sold at Rs 2,750 while PR-11 (Raw) quoted at Rs 2,700-2,750 .

PR14 (steam) sold at Rs 2,750 , Rs 100 down.

### **Paddy arrivals**

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

About 70,000 bags of PR paddy arrived and quoted at Rs 1,350 , around 10,000 bags of Pusa-1509 arrived and sold at Rs 3,250.

2,000 bags of Sugandha at Rs 2,450, while 15,000 bags of Sharbati arrived and sold at Rs 2,300.

Around 3,000 bags of Duplicate Basmati arrived and went for Rs 3,150 a quintal.

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## Higher arrivals likely to crush soyabean, oil

### Indore



With arrivals dropping on account of another spell of scattered rains in Madhya Pradesh, soyabean prices have gained over the last couple of sessions.

Though mandis in Madhya Pradesh were closed on Monday on account of Dasara, soyabean prices in private trading were firm at Rs 3,450-3,500 a quintal.

Besides weak arrivals, bullish trend in soyameal which currently quotes at Rs 34,500 a tonne free-on-rails Kandla, has also resulted in soyabean prices firming up.

Soyabean prices may drop to some extent on Tuesday after the *mandis* open after three days of holidays as arrivals are likely to higher, said a trader.

On the other hand, bullish trend continued in soyabean futures for the second consecutive week on fears of damage to the crop and fast deadline for October contracts.

Due to lack of availability of best quality soyabean, soyabean plant deliveries have also gained Rs 100 at Rs 3,590-3,700 a quintal.

Amid arrival of poor quality of soyabean and rise in plant deliveries, soya oil prices have increased by Rs 20 for 10 kg with soya refined prices quoting currently at Rs 670-75 for 10 kg.

Soya solvent is ruling at Rs 650-55.

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## Prospect of higher output keeps sugar on leash



The sentiment in the sugar market ruled weak on Monday with Dasara festivities coming to a close. Prices on the Vashi wholesale market declined by Rs 2 for S-grade and improved by Rs 10 for M-grade. *Naka* rates were mixed on limited buying-selling.

Good quality was sold slightly higher while fair quality was sold slightly lower. Mill tender rates were unchanged on subdued volume, said sources.

A Vashi-based wholesaler said that demand for Dussehra got over and for Diwali it is lower than expected. This pulled down prices in the physical market.

Continuous supply from mills in local markets, absence of upcountry buying in Maharashtra's mills and more than sufficient stocks (about 120- 125 truckloads) in Vashi market kept stockists away from fresh bet.

Bleak chances of sugar exports are forcing the domestic industry to depend on local markets.

New crushing season has begun with optimism of higher sugar production for the fourth consecutive year.

Arrivals at Vashi market were 61-62 truckloads (100 bags each) while local dispatches were lower at 58-60 loads.

On Saturday, only 7-8 mills sold about 11,000-12,000 bags at steady price Rs 2,730-2,830 for S-grade and Rs 2,880-2,980 for M-grade.

**The Bombay Sugar Merchants Association's spot rates were:** S-grade Rs 2,920-3,090 (Rs 2,922-3,090) and M-grade Rs 3,092-3,246 (Rs 3,082-3,246).

***Naka delivery rates were:*** S-grade Rs 2,870-2,920 (Rs 2,860-2,960) and M-grade Rs 2,970-3,140 (Rs 3,000-3,130).

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## Cardamom loses flavour despite buying support

### Kochi



Cardamom continued to slip on heavy arrivals despite good buying support at auctions held last week.

Upcountry buyers actively covered for Diwali, while exporters also bought.

Notwithstanding the support, prices declined as the supply outstripped demand, market sources in Bodinayakkanur and Kumily told *Business Line*.

Shippers are estimated to have bought around 90 tonnes of exportable variety.

On an average, around 600-650 tonnes of new cardamom are arriving every week. The volume is higher than the same period a year ago.

Despite reports of plants affected by diseases caused by rains this year, the current rate of arrivals is a clear indication that the crop this year is better than last year, they said.

In addition, it is also the peak harvesting time. The crop would have been a bumper one but for the heavy Monsoon rains this season, trade sources in Kumily said.

Total arrivals last week were around 535 tonnes.

According to P.C. Punnoose, General Manager, CPMC, there would be no auction on Wednesday at the Cardamom Processing and Marketing Company on account of Bakrid.

Arrivals in the current season that began on August 1 are 4,984 tonnes against 2,744 tonnes during the same period last season. Sales were at 4,866 tonnes against 2,573 tonnes during the review period.

The weighted average price as on October 12 was Rs 614.62 a kg (Rs 742.08).

**Prices of all the graded varieties (in Rs/kg):** AGEB 710-720; AGB 585-595; AGS 545-555 and AGS -1: 525-535. Bulk was being sold at Rs 425-1,150 a kg.

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# Business Standard

Milk prices on the boil as farmers feel inflation heat

Amul, Gowardhan raise prices by Rs 2 a litre; others might wait for some time



Milk prices are set to soar yet again, with milk sellers led by the Gujarat Cooperative Milk Marketing Federation (GCMMF) resorting to a price hike. Increase in input costs, including cattle feed prices, dry & green fodder prices, cost of diesel and other inputs has prompted at least two leading milk sellers to hike milk prices by five per cent.

GCMMF, which sells the 'Amul' brand of milk, has decided to raise the price of all Amul milk variants by Rs 2 a litre in the Delhi and Mumbai markets, with effect from October 15. Joining Amul is a Mumbai-based private dairy, Parag Milk Foods, owner of the Gowardhan brand of cow milk, which has implemented a similar raise in prices.

"This year, an extended monsoon has led to the scarcity of dry fodder and therefore, fodder prices have overall increased by about 30 per cent. Further, there has been an increase of 15 per cent in the price of cattle feed since September 2012," said R S Sodhi, managing director, GCMMF.

"Price rise was imminent, as overall costs, including food inflation, fuel, labour cost and fodder put pressure on farmers. Current food inflation surged to 18 per cent and cattle feed prices increased 15 per cent. But Amul milk prices have increased by only 10 per cent with the latest raise," Sodhi said.

Following the price rise, Amul Gold (full cream) milk will cost Rs 44 a litre, compared to the

current price of Rs 42, while Amul Taaza (toned milk) will cost Rs 34 a litre, up from the current Rs 32. The new price of Amul Slim and Trim double toned milk will be Rs 30 a litre, compared to the existing price of Rs 28.

The increase will be effective from October 15 in New Delhi and Mumbai, which will be followed by a similar raise in other cities within a week. However, in Gujarat, the price rise will be made effective only by the month-end, GCMMF officials said.

With an average daily milk procurement of over 11.5 million litres per day (lpd), Amul sells 3.5 million litres of milk daily in the Delhi and Mumbai markets.

Besides the Gujarat, Mumbai and Delhi markets, Amul also supplies milk to Kolkata, Kanpur, Lucknow and Nagpur, among others.

Dairy experts noted that even after the price hike, milk was under-priced in the country. "Most of the private dairies in north India pay Rs 38 a litre to farmers, while Amul pays around Rs 35. And we sell at around Rs 42 a litre. Even after a price hike of Rs 2 a litre, dairies will make a loss of Rs 2-4 per litre," said a dairy source from Dholpur in Rajasthan.

## A COSTLIER 'TASTE OF INDIA'

Amul Milk prices	(in ₹ per litre)		
MILK VARIANT	Apr '12	Apr '13	Oct '13
Amul Diamond* <b>7% fat</b> (premium milk)	n.a.	45	46
Amul Gold (full cream milk) <b>6% fat</b>	40	42	44
Amul Taaza (toned milk) <b>3% fat</b>	30	32	34
Amul Slim-n-Trim (double-toned milk) <b>1.5 % fat</b>	26	28	30

\*Amul Diamond was launched in November 2012

Source: AMUL

Parag Milk Foods has also raised milk prices by Rs 2 per litre. "The prices have been increased from Dussehra in the Mumbai market," said Devendra Shah, promoter and chairman of Parag Milk Foods.

"We are not revising milk prices in the immediate future. Milk price rise depends on local areas and market conditions," said R G Chandramogan,

chairman and managing director of Hatsun AgroProduct, a leading South India-based private dairy.

He, however, admitted that there is definitely pressure on dairies to hike milk prices due to a host of reasons including rise in inflation as well as diesel and fodder prices. “Although we are not increasing prices immediately, we may assess the situation after two to three months,” Chandramogan added.

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## Cereal exports to be under pressure

### **Initial surge might not sustain due to global oversupply and falling prices, says trade**



While the initial export of cereals such as wheat, maize and rice was encouraging, their shipments are likely to moderate over the rest of the year, due to surplus global supply and estimates of lower realisation.

Private exporters and government agencies shipped 3.29 million tonnes of wheat in the first five months of the current financial year as compared to 1.52 mt in the corresponding period last year. Basmati and non-basmati rice exports saw a jump to 1.75 mt and 2.76 mt from 1.5 mt and 2.54 mt, respectively. Shipment of other cereals moved to 2.41 mt from 1.99 mt in the period between April and August, show data compiled by the Agricultural and Processed Food Products Export Development Authority (Apeda).

However, the trend is not expected to continue. “It might reverse now, due to falling global prices on global over-supply,” said M P Jindal, president, All India Rice Exporters Association (AIREA).

Prices of all agri commodities, including cereals, have fallen up to 42 per cent in the past year on a rise in supply. The near-month contract on the benchmark Chicago Board of Trade for

wheat and corn (maize) fell 33.5 per cent and 40.7 per cent to \$6 a bushel and \$4.41 a bushel, respectively, over a year. Rice remained resilient, with a marginal 2.2 per cent decline to \$15.13 for every 100 pounds.

The decline has moderated prospects for India's exports of cereal. Jindal estimates these to decline 15-20 per cent this year.

Also, the Food and Agricultural Organisation of the United Nations recently estimated global cereal output to rise 7.7 per cent to 2,489 mt in the marketing season (July–June) this year, as compared to 2,312 mt in the previous year. But world utilisation of cereals is set to keep a lower pace of growth, of just 3.3 per cent, to 2,415 mt (earlier, 2,339 mt). Consequently, the world stock is set to swell 12.4 per cent to 558.9 mt in 2013-14 as compared to 497 mt last year.

“Wheat and maize might see a decline in exports this year but that will be covered by an increase in export of basmati rice. In value terms, therefore, overall export of cereals would remain the same as last year,” said A K Gupta, advisor, Apeda..



### LESS ON THE PLATE

	FY 2012-13		April-August 2013	
	Qty (mt)	Value (₹cr)	Qty (mt)	Value (₹cr)
Basmati Rice	3,456,411	19,390.52	1,750,872	12,430.24
Non-Basmati Rice	6,674,695	14,421.57	2,757,557	6,757.39
Wheat	6,496,203	10,528.57	3,288,328	5,292.70
Other cereals	5,431,640	8,167.67	2,410,080	3,764.23
<b>CEREALS</b>		<b>52,508.32</b>		<b>28,244.55</b>

Source: Apeda Agri Exchange      Compiled by BS Research Bureau

Assuming the value of cereal exports remains the same as last year, the quantity of shipment will surely decline to the tune of depreciation in the rupee against the dollar. The rupee fell 16.53% to close at 61.55 against the dollar on Monday.

Basmati rice exports in India are set to rise to 4 million tonnes this year from

the level of 3.5 million tonnes in the previous year.

According to Vijay Setia, ex-President of AIREA, India is enjoying a premium at least in rice over its competing countries including Pakistan, Thailand and Vietnam. Pakistan produces around 6.5 million tonnes of rice and exports around half of it. Out of 110 million tonnes of rice production, India exports around 10 million tonnes annually.

India's rice exports would continued to find a niche market globally being the world's healthiest rice with a number of health benefits. Exports of other cereals, however, would continue to remain under pressure, said Setia.

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## Coffee Board kicks off branding initiative

### Seeks Andhra govt's help to market coffee grown in Araku Valley



In a bid to fetch higher prices in international markets, the Coffee Board of India has kicked off a branding initiative for Indian coffee. The Board intends to create a common brand to market Indian coffee, especially those grown in the Western Ghats and Araku Valley in Andhra Pradesh.

“Almost 98 per cent of coffee produced in India is grown in the Western Ghats region and some new areas in Araku Valley. Indian coffee, grown under tree shade, is very popular in the international markets. It contributes to intrinsic quality and internationally it is known as eco-friendly coffee. So, we are trying to make use of the Western Ghats tag to market our coffees in the overseas markets,” Jawaid Akhtar, chairman of Coffee Board, told Business Standard.

The Board will sell Indian coffee as “good coffee” and “organic coffee” to fetch higher prices in the overseas markets.

Akhtar said Indian exporters are able to command 40-50 per cent higher margins on the benchmark International Coffee Organization (ICO) prices for washed Robusta and 25 per cent for Robusta Cherry. “We are contemplating to come out with a common brand for Indian coffee.



We are also planning to promote our coffee through international trade fairs, exhibitions and release advertisements,” Akhtar added.

For the first time, coffee grown in Araku Valley in parts of the eastern Ghats of Andhra Pradesh is coming to market this year, Akhtar said, adding the Board plans to market this coffee as “organic coffee”. In Araku Valley, the coffee is largely grown by tribals.

Popularly known as non-traditional areas in the coffee circles, this region includes the states of Andhra Pradesh, Odisha and to a small extent Madhya Pradesh. The region is predominantly inhabited by a wide variety of tribal groups, who are known for their traditional agriculture practices and ‘podu’ (shifting cultivation) over centuries.

The trees are planted at an elevation of 3,200 ft above the sea level.

“We have requested the government of Andhra Pradesh to help tribals market their coffee, so that we can reduce the role of middlemen. There are some non-government organisations like Naandi Foundation that are assisting tribals in cultivating coffee,” said Akhtar.

Araku Valley is expected to produce about 6,500 tonnes of coffee this year. Over 100,000 tribals have brought 55,000 hectares area under coffee plantations in the Valley and the average holding is one acre per person. The tribals have used mainly organic practices to grow the coffee.

Arabica coffee is the main variety and the arabica station breed selections such as S.934, SIn.4 (agaro) and SIn.5 occupy major areas in Andhra Pradesh. In Odisha, Cauvery is the main variety under cultivation. Pepper is the main inter crop adding substantially to the net returns of coffee farms. The coffees of this region are classified as medium body, medium to sharp acidity and intense aroma with a spicy tinge.

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## Delayed crushing may affect soya oil supply

### **Currently domestic markets are witnessing low and inferior quality soybean supplies with high moisture content**

Poor and delayed crushing in soybean producing states may give way to soya oil shortage in the coming days, claimed experts and traders.

"This is both crushing and consumption time for soya oil and poor crushing now will lead to shortage," said Rajesh Agrawal, spokesman and coordinator, Soybean Processors Association of India (SOPA).

According to traders and industry experts, currently domestic markets are witnessing low and inferior quality soybean supplies with high moisture content.

Heavy, incessant and irregular rains reduced the output in growing areas and also affected the quality of the soybean crop in kharif 2013, said farmers and traders.

Soybean growing regions witnessed heavy rains in August and later during harvesting time in September, said traders.

"Moisture content reduces with time but major difficulty would be dealing with low quality and damaged soybean supplies," said Kamlesh Nahta, a soybean trader.

Shortage may also push up soya oil prices in the coming days, said traders.

Also, crushers feel using inferior quality soybean crop may adversely affect the quality of soya oil and in turn its refining cost, increasing the prices further.

If supplies are not smooth it will also affect soya oil imports as market players may try to compensate the shortage by importing more vegetable oils, said experts.

India is one of the leading importers of vegetable oils in the world.

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## Coffee intake to climb above 125,000 tonnes

### **Domestic consumption is growing at a rate of 5-6% annually since 2010**



The Coffee Board of India has estimated consumption in India to be in the range of 125,000 tonnes for the year 2013. Domestic consumption is growing at a rate of 5-6 per cent annually since 2010.

This is almost double the figure when compared to that of United States Department of Agriculture, which recently pegged the Indian consumption at 66,000 tonnes, while the International Coffee Organisation (ICO) has estimated it at over 100,000 tonnes.

"In 2010, the study conducted by Coffee Board showed the domestic consumption at 108,000 tonnes and it was growing at an average 5-6 per cent annually. We have commissioned a new study to assess the exact consumption of coffee in India and the results of the study will be available by the end of December this year," Coffee Board of India Chairman Jawaid Akhtar said.

He said the domestic consumption was 58,000 tonnes in 1987 when the country's population was 820 million. In 2011, the consumption crossed the 100,000 tonnes mark, while the population touched 1.21 billion.

"About 7-8 years ago, the domestic consumption was growing very slowly and now, it is growing faster. South India is the largest consumer of coffee at almost 75 per cent of the total consumption. The Coffee Board is making efforts to push the consumption in western, northern and eastern parts of the country," Akhtar said.

"The Board is organising events like India International Coffee Festival (IICF) to project Indian coffee as 'good coffee' and specialty coffee. In this direction, we organised our IICF at New Delhi in 2012," he said.

Recently, the ICO stated that the consumption of coffee is growing rapidly in exporting countries like Brazil, Indonesia and India. It has pegged the Indian consumption at 114,000 tonnes, showing a growth of 4.8 per cent annually.

"Assuming that the consumption has grown only at 5-6 per cent year on year since 2010, the consumption in 2013 could be in the range of 125,000 tonnes," Akhtar told Business Standard. The Coffee Board has pegged the production of coffee for the year 2013-14 at 347,000 tonnes in its post blossom estimates. However, the chairman stated that it could come down by at least 10 per cent due to heavy rains between June and August this year, which resulted into 'wet foot' and 'black rot' diseases.

In an effort to increase awareness about drinking coffee and its health benefits, the Coffee Board in association with India Coffee Trust is organizing the fifth edition of IICF 2014 at Bangalore from January 21 to 25, 2014.

"The event provides avenues for enterprise development through value addition while simultaneously contributing to the creation of skill based jobs, particularly in non-conventional coffee drinking areas at the consumer end. To facilitate entrepreneurial development, the Coffee Board has been providing training sessions on coffee roasting, brewing among others," Akhtar said.

IICF 2014 is expected to see participation of 1,000 delegates for the conference and workshops and over 10,000 visitors at the exhibition. National and international experts in the coffee industry including policy makers, exporters, manufacturers and planters are likely to attend this flagship event of the Coffee Board.

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## Veg oil imports bill to remain under check

### **In quantity imports up, lower price comes to rescue**



Vegetable oil imports, which is one of the top commodity that is exported in India's import bill, have fallen in first half of the financial year. In quantity terms imports have fallen and even prices were down during the period. As per data given by the Solvent Extractors' Association of India (SEA), total vegetable oil import including edible and non-edible - refined and crude - in first half of the current financial year has fallen by 6.25% in quantity terms while the prices of various oils in the international market during the period was down between 2-12% keeping over all import bill under check.

According to B V Mehta, executive director of SEA, in the Oil year (November- October) 11-12 vegetable oil import bill was \$10.2 billion which is expected to remain \$9.6 billion as prices on average have been lower year on year by 15% though in quantity imports have gone up.

India's vegetable (veg) oil imports recorded a marginal 5.46% increase in the first eleven months of the current oil year (November 2012 – October 2013) to 9.66 million million tonnes from the level of 9.16 million tonnes in the corresponding period last year. If the current trend continues, overall import of veg oil may set another record to surpass the psychological barrier of 10 million tonnes this year.

In September, vegetable oil imports declined the second consecutive months as traders abstained from fresh booking amid expectations of further appreciation in the rupee against the dollar. Total import of vegetable oil plunged by 13.08% in September to 863,917 tonnes from

993,912 tonnes in the corresponding month previous year. In August, its import had fallen by 15.52%, data compiled by the Solvent Extractors' Association, showed.

In a drastic change in the trade sentiment, import of refined oil stabilized at 20% in September, offering a breather to domestic refiners. In May this year, share of refined oil in overall veg oil import basked had shot up to 42% which forced domestic refiners to idle their installed capacity and focus on trading business.

With steady increase in imports, India's reliance on imported veg oil is rising. Imported veg oil is used primarily for edible oil production and also as a raw material for soap making.

With an estimated 7 million tonnes of production from domestic sources, India meets around 55% of its annual consumption of 16.5 million tonnes through imports largely from Malaysia, Indonesia and Argentina.

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### India's veg oil imports dip by 13% in Sep

#### **Country had imported 9,93,912 tonnes of vegetable oil in the same month last year**

Vegetable oil imports by India, the world's second-largest buyer, fell by 13 per cent to 8,63,917 tonnes in September this year due to weak rupee and early crushing of oilseeds following arrival of new crop, industry body SEA said today.

The country had imported 9,93,912 tonnes of vegetable oil in the same month last year, it said in a statement.

"Two factors affected import demand last month. One was weakening rupee situation and the other was timely harvesting of domestic oilseeds crop encouraged crushing operations quite early," Solvent Extractors' Association (SEA) Executive Director B V Mehta told PTI.

Normally, crushing operations begin from the first week of November. This time, crushing units have already started well in advance because of timely harvesting of soyabean and groundnut crops in Madhya Pradesh and Gujarat, he said.

Out of total 8,63,917 tonnes of vegetable oils imports in September, edible oil comprised of 8,33,855 tonnes and non-edible oils stood at 30,062 tonnes.

Among edible oils, shipment of palm oil was 6,44,386 tonnes, soyabean oil at 1,40,971 tonnes and sunflower oil at 48,498 tonnes during last month.

According to SEA, about 5,15,000 tonnes of edible oil stocks are estimated to have been lying at various ports and about 9,50,000 tonnes are in pipelines.

During the November-September period of 2012-13 oil year, the country's overall import of vegetable oils rose by 5.46 per cent to 9,656,300 tonnes, as compared with 9,156,457 tonnes in the year-ago period, it added.

India depends heavily on imports to meet half its edible oil requirements.

Domestic vegetable oils output is likely to be higher this year owing to an expected record 23.96 million tonnes of production in the kharif season of 2013-14 crop year (July-June).

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#### [Maize prices up 1% on low levels buying](#)

#### **Marketmen said fresh buying at existing lower levels by traders brought the upsurge in futures prices**



Maize prices looked up by Rs 15 to Rs 1,391 per quintal in futures trade today following fresh buying support at prevailing lower levels. Marketmen said fresh buying at existing lower levels by traders mainly brought the upsurge in futures prices. However, reports of bumper crops in maize growing regions on favourable monsoon rains somewhat capped the gains, they said.

At the National Commodity and Derivative Exchange, maize for current October contract resumed higher by Rs.15, or 1.09% to Rs.1,391 per quintal, with an open interest of 6,450 lots.

Most active near November contract gained by Rs.6, or 0.48% to Rs.1,257 per quintal, having an open interest of 32,590 lots.

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### Chilli down 3.9% on increased selling activity, higher output

#### Spice for delivery in October down by 2.6%



Chilli prices fell by Rs 254 to Rs 6,132 per quintal in futures trade today on heavy selling activity on reports of a higher output estimates.

Subdued demand from retailers and stockists in spot markets also influenced the sentiment in futures.

At the National Commodity and Derivatives Exchange, chilli for delivery in November fell by Rs 254, or 3.98%, to Rs 6,132 per quintal with an open interest of 3,435 lots.

Likewise, chilli for delivery in October lost Rs 158, or 2.62%, to Rs 5,880 per quintal with open interest of 1,440 lots.

Marketmen said off-loading of positions by speculators after demand at spot market declined at prevailing higher levels mainly influenced chilli futures.

They said reports of better output estimates in the current year also influenced the sentiment.

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### Coriander up 1% on spot demand

#### **Spice for delivery in October traded higher by 0.94%**



Coriander prices rose by 1.07% to Rs 7,138 per quintal in futures trade today as speculators enlarged their positions supported by rising demand in the spot markets.

At the National Commodity and Derivative Exchange, coriander for November delivery gained Rs 76, or 1.07%, to Rs 7,138 per quintal with an open interest of 22,350 lots.

Similarly, coriander for delivery in October traded higher by Rs 65, or 0.94%, to Rs 6,908 per quintal, with an open interest of 1,900 lots.

Market analysts said increased buying by speculators on pick up in spot market demand against restricted arrivals from producing belts mainly influenced coriander prices to rise at futures trade.

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### Chana down 1.1% on profit booking

#### **Chana for October delivery fell by 0.87%**



Chana prices fell by 1.16% to Rs 3,141 per quintal in futures trade today on profit booking by speculators due to sluggish demand in the spot market.

At the National Commodity and Derivative Exchange, chana for November month declined by Rs 37, or 1.16%, to Rs 3,141 per quintal with an open interest of 1,05,390 lots.

Similarly, chana for October delivery fell by Rs 27, or 0.87%, to Rs 3,050 per quintal with an open interest of 13,470 lots.

Traders said sluggish demand in domestic market at existing higher prices and increased arrivals from Rajasthan, mainly led to the fall in chana futures prices.

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### **Mustardseed up 0.9% on strong physical demand**

#### **Current October contract rose by 0.81%**



Mustardseed prices strengthened by Rs 34 to Rs 3,755 per quintal in futures trade today on speculative buying guided by firm spot markets sentiment.

Marketmen said strong demand from oil and vanaspati making units due to ongoing festive season mainly led the rise here in futures prices of mustardseed.

At the National Commodity and Derivatives Exchange, mustardseed for December contract hardened by Rs 34, or 0.91%, to Rs 3,755 per quintal in open interest of 19,370 lots.

Current October contract rose by Rs 29, or 0.81%, to Rs 3,600 per quintal in open interest of 4,470 lots.

Most active near November contract improved by Rs 26, or 0.71%, to Rs 3,694 per quintal in 44,550 lots.

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### Crude palm oil down 0.1% on profit booking

#### **Oil for delivery in November traded lower by 0.07%**

Crude palm oil prices fell by 50 paise to Rs 517 per 10 kg in futures trade today on profit booking by speculators amid subdued spot demand.

Besides, a weak trend in overseas market further fuelled the downtrend in crude palm oil futures.

At the Multi Commodity Exchange, crude palm oil for October delivery declined by Rs 0.50 paise, or 0.09%, to Rs 517 per 10 kg, with a business turnover of 32 lots.

Likewise, oil for delivery in November traded a shade lower at Rs 516.20 per 10 kg a loss of 0.40 paise, or 0.07%, with a business turnover of 37 lots.

Traders said besides profit taking by speculators, subdued domestic demand and a weak overseas trend led to a fall in crude palm oil prices at futures market.

Globally, palm oil fell for a second day in Malaysia on speculation that imports from India, the world's biggest buyer, will decline before the country's record oilseed harvest.

Meanwhile, palm oil delivery in December slid 0.40% to 2,370 ringgit (USD 746) a tonne on the Bursa Malaysia Derivatives Exchange.

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### Cardamom up 0.6% on spot demand

#### **Spice for delivery in December increased by 0.47%**



Cardamom prices up by 0.61% to Rs 741 per kg in futures trade today after speculators built up positions supported by rising demand at spot markets.

Besides, tight stocks position in the spot market following lower arrivals from producing regions also influenced prices.

At the Multi Commodity Exchange, cardamom for delivery in November rose by Rs 4.50, or 0.61%, to Rs 741 per kg, with a business turnover of 393 lots.

Cardamom for delivery in December increased by Rs 3.60, or 0.47%, to Rs 769.50 per kg with a trading volume of 67 lots.

Traders said firm demand in the physical market against restricted arrivals from producing belts, mainly influenced cardamom prices at futures trade.

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### Coffee consumption to touch 125,000 tonnes

#### **Domestic consumption growing at rate of 5-6% annually since 2010**

The Coffee Board of India has estimated consumption in India to be around 125,000 tonnes for 2013. Domestic consumption is growing at a rate of 5-6 per cent annually since 2010.

This is almost double the figure when compared with that of United States Department of

Agriculture, which recently pegged the Indian consumption at 66,000 tonnes, while the International Coffee Organisation (ICO) has estimated it at over 100,000 tonnes. "We have commissioned a study to assess the exact consumption of coffee in India and the results of the study will be available by the end of December this year," Coffee Board of India Chairman Jawaid Akhtar said. He said the domestic consumption was 58,000 tonnes in 1987 when the country's population was 820 million. In 2011, the consumption crossed the 1,00,000 tonnes mark, while the population touched 1.21 billion. "About 7-8 years ago, the domestic consumption was growing very slowly and now, it is growing faster. South India is the largest consumer of coffee at almost 75 per cent of the total consumption. The Coffee Board is making efforts to push the consumption in western, northern and eastern parts of the country," Akhtar said.

"The Board is organising events like India International Coffee Festival (IICF) to project Indian coffee as 'good coffee' and specialty coffee. In this direction, we organised our IICF at New Delhi in 2012," he said.

Recently, the ICO stated that the consumption of coffee is growing rapidly in exporting countries like Brazil, Indonesia and India. It has pegged the Indian consumption at 114,000 tonnes, showing a growth of 4.8 per cent annually.

"Assuming that the consumption has grown only at 5-6 per cent year on year since 2010, the consumption in 2013 could be in the range of 125,000 tonnes," Akhtar told Business Standard.

The Coffee Board has pegged the production of coffee for the year 2013-14 at 347,000 tonnes in its post blossom estimates. However, the chairman stated that it could come down by at least 10 per cent due to heavy rains between June and August this year, which resulted into 'wet foot' and 'black rot' diseases.

In an effort to increase awareness about drinking coffee and its health benefits, the Coffee Board in association with India Coffee Trust is organizing the fifth edition of IICF 2014 at Bangalore from January 21 to 25, 2014.

"The event provides avenues for enterprise development through value addition while

simultaneously contributing to the creation of skill based jobs, particularly in non-conventional coffee drinking areas at the consumer end. To facilitate entrepreneurial development, the Coffee Board has been providing training sessions on coffee roasting, brewing among others,” Akhtar said.

IICF 2014 is expected to see participation of 1,000 delegates for the conference and workshops and over 10,000 visitors at the exhibition. National and international experts in the coffee industry including policy makers, exporters, manufacturers and planters are likely to attend this flagship event of the Coffee Board.

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# THE ECONOMIC TIMES

## Prices of oil rises on hopes for debt deal

The price of oil rose slightly Monday amid alternating hope and uncertainty about the looming deadline for US lawmakers to reach an agreement over the government's borrowing limit and shutdown.

Benchmark crude for November delivery rose 39 cents to close at \$102.41 a barrel in New York. Brent crude, the benchmark used to price international crudes used by many US refineries, was down 24 cents to \$111.04 per barrel.

The price of oil ``continues to gyrate around speculation and rumor regarding the shutdown of the US government," wrote energy analyst Stephen Schork in a report.

The price has swung back and forth for days as lawmakers try to resolve an impasse that left the government partially closed and the markets worried about the U.S. defaulting on its debt for the first time. The United States will reach the limit of its borrowing authority on Thursday, according to estimates from the Treasury Department.

The decline in U.S. retail gasoline prices that has lasted for six weeks has all but stopped. The national average fell less than a penny Monday to \$3.34 per gallon after spending all of last week at \$3.35 per gallon. The average is 20 cents cheaper than it was a month ago, and 45 cents below last year at this time.

Gasoline prices have fallen because supplies are ample and demand is tepid. They haven't slid further because oil prices remain relatively high, thanks to strong global demand for crude, especially in China.

Some traders expect the price of oil to fall soon, however, because supplies appear to be plentiful. In its latest quarterly oil market report, the International Energy Agency predicted strong growth in non-OPEC supplies of crude oil, easily outpacing demand growth next year.

The Paris-based IEA also said Friday that the United States would overtake Russia next year as the largest non-OPEC producer of liquid fuels.

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