

THE HINDU

Workshop on forward market trade in agricultural produce

National Bank for Agriculture and Rural Development (NABARD) organised a workshop on forward market trade in agriculture produce here on Saturday. The programme benefitted members of Regulated Market Committee, Karur, NABARD producer groups, farmers' clubs, and commodity groups of the department of agri business.

S. Selvam, chief guest, and executive director, Agriculture Market Intelligence and Business Promotion Centre, Tiruchi, spoke on the need for farmers to have value-added inputs. He urged the farmers to show interest in various aspects of agri produce marketing and trends in prices of agri products in various markets.

He reiterated the importance of pre-plan practice in choosing their crops in accordance with the expected market conditions rather than making crop choices solely based on production factors. He spoke on the need to promote scientific storage practices with certain other important pre-requisite activities such as sorting, grading, and standardisation that were essential to facilitating trading through commodity exchanges. NABARD assistant general manager A. Parthiban spoke on the role of farmers' producer groups in disseminating technology.

Water released from Eachambadi dam

To benefit 6,250 acres of irrigational lands

Minister for Youth Welfare, P. Palaniappan released water from Eachambadi dam in Dharmapuri for irrigational purposes on Sunday.

Earlier on Friday, Chief Minister Jayalalithaa had announced that water would be released from the dam following the request of the ayacut farmers in Krishnagiri and Dharmapuri districts. After a gap of one year, the water was released from the dam.

Water released from Left Main Canal (LMC) and Right Main Canal (RMC) would benefit 6250 acres of land in Harur taluk in Dharmapuri and Uthagarai taluk in Krishnagiri.

3000 acres of agriculture land would be benefited from RMC and while LMC caters to 3250 acres of land.

A total of 10 villages in Harur taluk and 21 villages in Uthangarai taluk would be benefited from the water release, Mr. Palaniappan said.

The water will be used for farming of crops such as paddy, coconut, sugarcane, banana, turmeric and vegetables. Villages to benefit in Harur taluk are Agraharam, Eachambadi, Gettupatti, Bamandaalli, Elavadai, Palayam, Pallipatti, Rathanur, Velampatti and Singiripatti.

While villages in Uthangarai taluk in Krishnagiri include Periyakuttakulam, Pachinampatti, Soraikkaipatti, Vellalapatti, Velampatti, Mettuthangal and Kollappatti. Other areas include Chandrapatti, Kattusingiripatti, Perumanayakkanpatti, Oomaykoundapatti, Vedapatti, Chengalpatti, Kittampatti, Onamaptti, Norukkanthal, Ammapettai, Vannampatti, Kattampatti, Veeranakuppam, Kathirampatti. Water would be released for 120 days with a gap of five days on rotation. 35 cusecs of water is being released . The water level in the dam on Sunday was 17 feet and the water storage was 37 mcft, said Mr. V. Jagannathan, Executive Engineer, Public Works Department here on Sunday.

Water Level- Madurai

Water level in Periyar dam stood at 119.40 feet on Sunday with an inflow of 1,631 cusecs and a discharge of 1,000 cusecs. The level in Vaigai dam was 50.69 feet with an inflow of 1,595 cusecs and a discharge of 1,060 cusecs. The combined storage in Periyar credit was 4,173 mcft.

Rainfall

The rainfall recorded in the region during the 24 hours ending 8.30 a.m. on Sunday was (in mm): Madurai – 47.2, Sathiyar Dam – 43, Andipatti – 18, Kallandhiri – 29, Vaigai dam – 15.6, Mettupatti – 35, Uthamapalayam – 16, Periyar dam – 5, Thekkady – 2.2, Gudalur – 19, Melur – 16, Peranai – 12, Pulipatti – 26, Viraganoor- 43, Kodaikanal- 14.6, Veerapandi- 16, Sothuparai- 20, Marudhanadhi- 48 mm rainfall, the PWD officials said on Sunday.

Kadaladi chilli farmers to get solar dryers

To give a fillip to chilli cultivation and help farmers get a better price for the crop, for the first time in the district the Horticulture Department plans to distribute solar dryers and tarpaulin sheets under the State Balanced Growth Fund (SBGF) scheme, involving a total subsidy of Rs. 50 lakh.

After the government constituted the SBGF and authorised the State Planning Commission to sanction funds, the district Horticulture Department decided to avail the funds to help chilli farmers in Kadaladi, the most backward block in the district.

SBGF

The distribution of tarpaulin sheets and solar dryers would be a boon to farmers who have been following the traditional methods to dry the chillies and unable to retain the colour and pungency, the two major parameters that determined the quality and price in the domestic and export markets.

J. Rajendran, Assistant Director, Horticulture, Kadaladi, said 625 tarpaulin sheets, measuring 15x10 metre and each costing about Rs. 8,000, would be distributed with 50 per cent subsidy to the farmers at a price of Rs. 4,000.

25 solar dryers

And 25 solar dryers, each costing Rs. 1.11 lakh, will be given to the farmers for Rs. 11,475, involving a total subsidy of Rs. 50 lakh.

He said the main reason for supplying farmers with tarpaulin sheets and solar dryers was to prevent quality deterioration while drying chillies. sheets

UV sheets

In the highly volatile market, the farmers stand to lose if the chillies lost the colour and stalks.

The solar dryers with roof made of ultraviolet (UV) ray-stabilised sheets would help farmers to dry the chillies in quick time, while retaining quality in a hygienic manner, he said.

25 solar dryers, each costing Rs. 1.11 lakh, will be given to the farmers.

Downpour in catchment areas raises dam levels in Theni, Dindigul

Storage level in major dams, including Periya and Vaigai dams, has been increasing steadily owing to heavy downpour in catchment areas last night thus raising hopes of farmers in rain-fed areas.

With sharp increase in inflow, water level touched 119.4 feet in Periyar dam (total permissible level 136 feet). Inflow into the dam shot up to 1,6,40 cusecs and the discharge was 1,000 cusecs.

Storage level in Vaigai dam rose marginally to 50.51 feet. Inflow into the dam was 1,595 cusecs.

The Public Works engineers scaled down the discharge to 1,060 cusecs from 1,600 cusecs on Wednesday as good showers had reduced quantum of water required for

irrigation of standing crops in Dindigul, Theni and Madurai districts. Sothuparai dam has 103.6 foot of water and Manjalar dam has 42.3 foot of water, owing to moderate showers in Kodaikanal hills for the past two days.

Due to good flow in Periyar and Vaigai rivers, Public Works engineers have released water in the 18{+t}{+h}channel to improve storage in 44 irrigation tanks in Bodi and Uthamapalayam blocks.

Dindigul

Farming activities were in full swing in rain-fed areas owing to intermittent showers in the district for the past four days. The district saw moderate to heavy showers on Saturday night. Total rainfall recorded in the district was 200.74 mm and the average rainfall was 20.07 mm.

These showers have instilled hope in horticulturists and floriculturists as the standing crops can be saved.

Rainfall recorded at various places in the district in mm at 8 a.m. on Sunday: Periyar 19, Manjalar 32, Sothuparai 21, Vaigai 20, Veerapandi 19, Goodalur 19, Uthamapalayam 20 and Shanmuga Nadhi dam 23, Dindigul: Dindigul 10.4, Kodaikanal 11.8, Natham, 73, Nilakottai 12.2, Palani 7, Vendasandur 18.9, Vendasandur Tobacco Research Station, 20, Oddanchatram 7 and Kodaikanal Boat Club 11.25.

Mettur level

The water level in the Mettur Dam stood at 80.99 feet on Sunday, against its full level of 120 feet. The inflow was 7,547 cusecs and the discharge was 3,000 cusecs. — Special Correspondent

600 cusecs released from Papanasam dam

A total of 600 cusecs has been released from Papanasam dam here on Sunday. It will benefit farmers in Tirunelveli and Tuticorin districts for the approaching pisanam season.

P. Chendur Pandian, Minister for Hindu Religious and Charitable Endowments, and S.P. Shanmuganathan, Tourism Minister, jointly opened the shutters of the dam, one of the three major reservoirs of the district, in the presence of Collector C. Samayamoorthy.

The level in Papanasam dam stood at 81 feet (maximum level is 143 feet). The dam had an inflow of 555.13 cusecs. The water level in Manimuthar dam stood at 51.53 feet (118 feet). The dam had an inflow of 42 cusecs and 25 cusecs of water was discharged.

The farmers would receive water through various channels for a period of 164 days. "Both Tirunelveli and Tuticorin districts maintain 86,107 acres of ayacut. Of the two districts, Tuticorin has around 46,000 acres of paddy field," sources from the Department of Agriculture, told *The Hindu* .

To achieve the desired results, the farmers need to be sensitised to the System of Rice Intensification method.

"This new method would ensure a good yield with less amount of water. Unlike other methods of cultivation, farmers could save 30 to 40 per cent water. The average paddy crop area is between 18,500 ha and 20,000 ha in Tuticorin district," the sources added.

To raise the crop, certified high yielding paddy variety could be utilised. The certified seeds should be procured from the agriculture extension centres and approved seed distribution centres, the sources said.

M. Muthupandi, Executive Engineer, Tamirabarani Basin, PWD, R. Tamilselvan, Assistant Executive Engineer, S.P. Mayan Murugesan, Assistant Engineer, Ambai Section, PWD, R. Krishnamurthy, Assistant Engineer, and others attended.

Kanyakumari

The level in Pechipparai dam stood at 20.05 feet, while it was 58.80 feet in Perunchani, 7.71 feet in Chittar 1, 7.80 feet in Chittar 11 and 34.78 feet in Mamabazathuraiyaru dam.

Farmers sing the glory of seeds



As you sow, so you reap'. By way of emphasising the literal meaning of this phrase the Kotagiri based non governmental organisation Keystone Foundation and its offspring, The Nilgiris Natural History Society (NNHS) joined hands on Friday to underscore the role of seeds in keeping agriculture healthy.

They organised a programme at the Bee Museum to highlight the need to keep alive traditional methods of producing seeds and also cultivate traditional crops. Farmers including tribal people from Hassanur, Sigur, Ploor, Kotagiri and Coonoor benefited.

Pointing out that the objective of the exercise was to sing the glory of seeds and also raise awareness about the different ways they are being exploited for short term gains, NNHS Coordinator Sangeetha Ramakrishnan told *The Hindu* that seeds should not only be saved to prevent food shortage but also exchanged within and between communities so that their amazing diversity is maintained and they are multiplied and distributed.

Lamentably the time honoured tradition of seeds being passed down from one generation to another is almost a thing of the past.

“We live in times when genetically modified and hybrid seeds have led to the loss of close to 75% of crop genetic diversity,” she said and added that people should have control and freedom over what they wish to grow.

The need of the hour is community seed banks and a system of exchanging seeds. Stating that there was a time when the Badagas, the largest indigenous social group in The Nilgiris, used to cultivate about 69 varieties of avarai (beans), she said that now only about seven are found.

Old methods of farming — like multi-cropping — are hard to come by.

Deputy Director, Keystone Foundation, Robert Leo said that many farmers now do not even know how to store seeds. They are ‘choking’ them by stuffing them into plastic bags.

To a question, he said that old seeds are good for the soil and leaf and herbal extracts can deal with pests and diseases.

N. Mari, a septuagenarian farmer of Thadasalhatty in Hassanur said that apart from brinjal, chilli and tomato, he regularly cultivated traditional crops like ragi and saamai. He hoped that such interactive sessions for farmers would be organised periodically.

‘Protect farmers’ interests’

Chamaras Malipatil, president of the Karnataka Rajya Raitha Sangha (KRRS) has urged the State government to take steps to deal with the fall in paddy and maize prices.

Speaking to presspersons here on Sunday, he said farmers who cultivated paddy and maize, especially in Bellary, Raichur, Koppal, Yadgiri and Gulbarga districts, were likely to be affected severely due to the fall in the prices in the open market. Under these

circumstances, the State government should intervene to protect farmers' interests. Mr. Malipatil said the price of paddy had come down by Rs. 500 to Rs. 700 per quintal .

Levy rice: decision termed irrational

The Hyderabad Karnataka Chamber of Commerce and Industry and the Yadgir Rice Mill Owners Association has termed the fixing of quantum of levy rice to be collected from Yadgir district at 18,506 tonnes as "unscientific and irrational".

In a statement issued here on Saturday, HKCCI president Umakant Nigudgi and secretary of the association Hanuman Das Mundada said the government has decided to levy the Rajhansa and IR 64 variety from Yadgir district, while the popular variety grown in Yadgir district was Sona Masuri. The Sona Masuri was superior in quality and price.

The statement said 18,506 tonnes of rice to be levied from Yadgir district was seven times more than the quota fixed for levy rice procured from Yadgir district last year.

Procurement

Last year, the government had procured 2,500 tonnes of rice from Yadgir district, which itself was high when compared to the production of the rice in the district.

The statement said that there were 27 rice mills in Yadgir district and most of them were Sona Masoori.

Only around 5 per cent of the rice produced was Rajhansa and IR 64 variety.

The rice millers would have no other alternative but to supply Sona Masoori rice to the government, they said.

THE HINDU Business Line

Bumper groundnut crop predicted in Kharif 2013



Hyderabad, Oct 20:

Indian Oilseeds and Produce Export Promotion Council (IOPEPC) has forecasted a bumper groundnut crop in Kharif 2013.

During their Annual Trade meet held in Hyderabad, IOPEPC, which comes under the Ministry of Commerce, announced that groundnut production during Kharif 2013 is estimated to be 49.16 lakh tonnes in five major states of Gujarat, Rajasthan, Andhra Pradesh, Karnataka and Tamil Nadu which account for close to 90 per cent of total groundnuts produced in India.

This is higher by 21.03 lakh tonnes as compared to Kharif 2012, when the crop was only 28.12 lakh tonnes in these states, owing to monsoon failure. The final crop estimates will be released after crop cutting experiment in December 2013.

Groundnut exports during 2013-14 are expected to be about 6 lakh tonnes. Sesame seed exports this year may be lower because of extensive damage to crop caused by heavy rains during extended monsoon in major sesame growing areas.

Kishore Tanna, Chairman, IOPEPC, while releasing the figures, in a statement informed that area and crop estimation till now has been traditionally based on limited field survey and revenue records, which are susceptible to errors, leading to wrong estimates.

To enable trade to make informed business decisions, IOPEPC has undertaken a project to correctly assess the crop, using GIS or satellite based crop survey and scientific yield model based on historic weather data. This provides accurate data.

Ajit Chavan, Deputy Secretary, Ministry of Commerce, said export of agriculture produce is on top of the Government's agenda. As a result of which India's agri exports have risen from \$15 billion during 2009-10 to \$37 billion during 2012-13.

He assured Government support to promote agri exports and informed about some of the major and structural policy changes made in the last three years, which have helped exports.

Sixteen exporters were given awards for excellence in exports of various oilseeds and edible oils by Ajit Chavan.

Ruminations over Bali



Trade ministers will have an opportunity to update global rules affecting food security when they meet at the WTO's upcoming conference in Bali, Indonesia, this December.

However, not only will negotiators need to craft changes carefully if both poor producers and poor consumers are to benefit, they will also need to ensure that the conversation on trade and food security continues once ministers have returned home.

In the run-up to the talks, officials have been debating a proposal to allow developing countries more leeway to buy food at administered prices when building public stocks or providing domestic food aid.

Many large developing countries argue that food bought at administered prices from poor farmers should be exempt from subsidy ceilings at the WTO because price inflation has steadily eroded the value of benchmarks used to calculate support to producers.

Other countries are, meanwhile, anxious to avoid worsening trade distortions on global markets, with the governments of some developing countries fearing that proposed changes could exacerbate food insecurity among their own urban or rural poor.

While subsidised government procurement schemes can help to lift producers out of poverty, they do not guarantee a boost in small farmers' production or an increase in their incomes.

Managing schemes

Further, food stockpiling programmes can also affect poor producers and consumers in other countries, including the most vulnerable among them.

Trade officials will have to consider how these schemes can affect groups both at home and abroad if an accord in this area is to deliver improvements to poor people's lives.

New analysis from the Food and Agriculture Organisation (FAO) and the International Centre for Trade and Sustainable Development (ICTSD) shows that food security can be affected by the design and management of these schemes. The scale and timing of stock acquisitions, holding and release are among the critical factors — along with the

degree of transparency around government interventions — that determine how well markets are working, and the nature of poor producers' participation in these markets.

Both global rules and national policies must be designed with care to ensure that such schemes improve food security.

More needs to be done

Negotiators are now exploring whether a deal at Bali could commit countries to refrain from initiating legal disputes on this question, subject to certain safeguards in return. While a 'peace clause' of this sort could be a helpful first step, more will have to be done if WTO members are to agree a lasting solution in this area.

More importantly, the debate on public food stockholding is only the start of a much bigger conversation that needs to be held over how best to ensure trade rules contribute to improving food security.

With the WTO's long-running Doha talks in an impasse, and new trends affecting trade in food and agriculture, there's an urgent need to ensure that trade rules enable poor people to overcome today's and tomorrow's food security challenges.

Clear and equitable rules on public food stocks are an important contribution that the global trading system can make to improving food security.

However, trade ministers must ensure that the Bali conference is the start of a meaningful conversation in this area, and not the end.

(Morrison is a senior economist with the FAO, Rome. Hepburn is agriculture programme manager with the ICTSD, Geneva. The views are personal.)

Urea price hike may be deferred

The UPA Government is unlikely to take a call on the contentious issue of increasing urea prices before the general elections. The term of the present Government ends in May 2014.

“Keeping political considerations in mind, any decision on urea price hike could be left for the new Government,” a highly placed Government source told *Business Line*. This comes at a time when the Finance Ministry is working hard to keep the fiscal deficit under the Budget target of 4.8 per cent of the gross domestic product.

Deferring the urea price revision will, therefore, not just inflate the subsidy bill but also pose a problem for fertiliser companies.

The price of urea, the most widely used fertiliser, is highly subsidised and fixed by the Government. The last major revision was on April 1, 2010, when the price was increased to Rs 5,310 per tonne from Rs 4,830 per tonne. In October last year, the price was marginally hiked by Rs 50 to Rs 5,360 a tonne. Attempts to increase urea prices in the recent past have not been successful due to lack of political consensus.

A Group of Ministers (GoM) was formed to look into the matter, but it is yet to meet after its inconclusive meeting in June. The group was supposed to consider revision in retail price due to the increase in pool prices of fuel feedstock.

The pricing policy review will take into account the prevailing energy scenario, production and supply scenario and international trend of urea prices, among others.

The modified price scheme will also contain subsidy at the present level, as it is proposed to increase the retail price annually to compensate for any increase in gas price and fixed costs of urea unit.

The fertiliser industry, which has been demanding an increase in urea prices for quite some time now, feels that any delay in price revision would impact its finances.

“Subsidy payment from the Government comes with a lag. Companies borrow to meet the working expenditure. So, when cost increases, there will be more borrowing resulting in higher interest burden,” a senior fertiliser company official said.

The average production cost of urea is currently around Rs 15,000 per tonne and has increased due to the weak rupee. The Government has budgeted Rs 65,971 crore for fertiliser subsidy this year, which is expected to rise to Rs 1.05 lakh crore.

In all, 29 urea units produce around 22.5 million tonnes of urea. The shortfall of 7.84 million tonnes is met through imports. Out of total imports, 20 lakh tonnes are imported from Oman India Fertiliser Company (OMIFCO) at a pre-fixed price, while the rest is imported at spot prices.

[AP asks edible oil industry to bring in better technology](#)

The Andhra Pradesh Government has asked the edible oil industry to bring in benchmark technologies to improve yields.

Andhra Pradesh Information Technology and Communication Minister Ponnala Lakshmaiah said it was very important to increase productivity in order to improve oilseed production. This, in turn, would help the country reduce edible oil imports, which was draining the foreign exchange. Addressing the Indian Oilseeds and Produce Export Promotion Council’s (IOPEPC) annual trade meet here on Saturday, the Minister said the country was currently importing 50 per cent of all edible oils, spending about \$10 billion. He said that Andhra Pradesh ranked second after Gujarat in groundnut production. “We are giving huge subsidies for inputs such as drip irrigation for oil palm growers. I request the industry to bring technologies to improve productivity,” he said.

Prolonged monsoon pushes potato prices up 25%

Ayan Pramanik



Turning hot: Delay in sowing of early varieties fuels expectation of a demand gap.

Kolkata, Oct. 20:

Prolonged monsoon leading to delay in sowing of early tuber varieties by 15-20 days, in major potato-growing States, have come as a boon to farmers in West Bengal.

According to Patit Paban De, Member of the West Bengal Cold Storage Association, farm-end price (net of storage expenses) of potatoes has moved up 25 per cent to Rs 600-650 a quintal on Friday, from Rs 460-480 in the first week of October.

As in mid-September farmers were earning Rs 440-460 a quintal against a production (and storage) cost of nearly Rs 500 a quintal, owing to excess stock arising out of over production.

West Bengal reported 12 per cent rise in potato production to nearly 98 lakh tonnes last season. The early variety hits the market in December-January. Major production (primarily Jyoti) comes in March.

Nearly 40 per cent of State's production is used in meeting majority of demands of eight North Eastern States, Odisha, Andhra Pradesh, Jharkhand and Bihar. The State also imports limited quantities of early tuber from Punjab and UP.

Though he doesn't rule out possibilities of prices coming down to some extent, De is hopeful that overall prices will remain firm for the rest of the season ending in December.

Trend reversal

The price movement was unexpected. As in September, De was pessimistic of upward movement in prices. Over 400 cold storages in Bengal, the second largest potato-growing State, had nearly 1.5 lakh tonnes excess stock compared with last year. The situation was reportedly even worse in UP, the biggest producer.

“Potato farmers should end up in heavy losses this year,” he told *Business Line* on September 13.

The scenario improved slightly in the first week of October, as prices moved up Rs 20 a quintal, as traders were stockpiling to meet demands during the 10-day-long Puja holidays. But, De was still not convinced of any major price rise potential.

But, the entire outlook changed this week. To start with, cold storages report reduction in stock to last year’s level. De attributes this (release of 1.5 lakh tonnes additional stock) to distress sale by farmers before the Puja. Meanwhile, news started pouring in — not merely from Bengal, but also from UP and Punjab — about delay in sowing of early varieties fuelling expectation of a demand gap.

Demand gap

Considering, 8 lakh tonnes of monthly trade of potatoes in Bengal (to meet own consumption and of other States), sowing may result approximately 4-5 lakh tonnes additional demand for stored tuber.

De, who is more concerned about farmers, argues that the gap is too high when measured against 24-25 lakh tonnes of stock in cold storages, which are scheduled to go on annual maintenance closure in January.

The indication is, a section of farmers, who could hold on to stock till now, may expect to end the year in profit.

Now, paddy to come under drip irrigation

After providing the drip irrigation technology for cash crops, Netafim Irrigation India Pvt Ltd is now driving adoption of the technology in rice.

Randhir Chauhan, Managing Director, Netafim India, told *Business Line* that the company decided to experiment the drip fertigation system in rice, oil seeds and pulses as the use of drip irrigation system was largely confined to cash crops such as sugarcane, banana and vegetable crops at present.

“We have been conducting field trials here in rice on a pilot basis, and the initial response has been positive,” Chauhan said, adding that the company was poised to rope in more acreage under drip fertigation in the years to come. Farm Varsity experts estimate the area under rice in India at 42 million hectares.

“Rice is a water-intensive crop. It occupies just about 30 per cent of the cultivable area but consumes nearly 70 per cent of available water. In a bid to reorient the cultivation practice from the present system of inundation to water sustainability, we at Netafim along with experts from the Tamil Nadu Agricultural University have been doing some research trials in fields,” Chauhan said.

He further said that around 25-35 acres have been covered in the pilot phase of the project. “ Our observations revealed that the water utilisation under drip irrigation was just 32 per cent compared to flood irrigation and the farmers could get 20 per cent more yield,” he added.

Meanwhile, Parthasarathy, a farmer at Govindapuram (Amaravathy Sub-basin) in Erode District, told this correspondent that he was among the 10-15 farmers, who cultivated rice using drip irrigation technology. He said, “We have been raising crops such as onion and citrus since the 80s. Erratic rains and depleting water resources have compelled us to adopt drip irrigation technology. The yields have been good. We need a cold-storage facility to hold our stocks,” he added.

Pepper continues to stay hot on supply-demand mismatch

Pepper prices continued to stay hot last week with both the futures and the spot surging ahead with the latter hitting the historic high of Rs 429 (ungarbled) and Rs 449 (garbled) a kg at Sunday closing.

Tight availability at a time when there is strong domestic demand and firmer markets in other origins has kept the prices surging, market sources told *Business Line*.

Industrial end users, who were covering only hand to mouth hoping that the prices would fall when the estimated 6,800 tonnes of pepper held in the warehouses for months are released, have started covering from all available sources.

The festival and winter demand has started picking up. Consumer markets in north India are also said to have no inventories and hence they are now out buying even directly from the primary markets wherever available.

Traders and expert processors who have sold out their stocks were also claimed to be covering back. Thus, there has emerged a strong demand.

The projections by domestic and overseas agencies about the Indian crop in 2013 appear to be much exaggerated when one goes by the supply trend so far.

A similar situation has, of late, emerged in other origins also. Vietnam prices have gone up while Indonesia was not a seller last week.

Thus, there is reported to be a supply crunch. The only source of availability is Brazil at present. It was, however, slightly cheaper.

Given the current global scenario there is a possibility of some demand coming to India for Malabar. But, the trade allege that there is no material to offer. At the same time the new crop is around the corner.

Already, green berries have started arriving from the southern districts of Kerala and that is bought by the pepper in brine manufacturing units. If the entire 6,800 tonnes of pepper are released after the new crop hitting the market in the coming months that might impact the prices in the coming season, they alleged. All the active contracts on both the national exchange and the IPSTA increased last week. Nov and Dec contracts on the NMCE increased by Rs 905 and Rs 1,116 respectively to Rs 45,703 and Rs 44,900 a quintal. On the IPSTA, they were at Rs 45,703 and Rs 45,500 respectively up by Rs 1,003 and Rs 1,174 during the week.

Spot prices shot up last week Rs 1,400 to touch the historic high of Rs 42,900 (ungarbled) and Rs 44,900 (garbled) on strong demand amid tight supply. In the international markets, pepper continued to stay very firm.

India, especially between stronger rupee and local demand, MG 1 was around \$7,950 (c&f).

Overseas trend

Indonesia was holding steady at \$7,825-7,935 (c&f). Brazil was also firmer and sellers were reportedly more reluctant. B Asta was quoted at \$7,175-7,225 (fob).

Vietnam was steadier with cheapest seller for V Asta at \$7,825 - 7,875 a tonne (c&f).

Bumper groundnut crop predicted in kharif

The Indian Oilseeds and Produce Export Promotion Council (IOPEPC) has forecasted a bumper groundnut crop in kharif 2013.

During their annual trade meet held in Hyderabad, IOPEPC, which comes under the Ministry of Commerce, announced that groundnut production during kharif 2013 is estimated to be 49.16 lakh tonnes (lt) in five major States of Gujarat, Rajasthan, Andhra Pradesh, Karnataka and Tamil Nadu which account for close to 90 per cent of the total output.

This is higher by 21.03 lt compared to kharif 2012, when the crop was only 28.12 lt in these States, owing to monsoon failure. The final crop estimates will be released after crop cutting experiment in December 2013.

Groundnut exports during 2013-14 are expected to be about 6 lt. Sesame seed exports this year may be lower because of extensive damage to crop caused by heavy rains during extended monsoon in major sesame growing areas.

Kishore Tanna, Chairman, IOPEPC, while releasing the figures, in a statement informed that area and crop estimation till now has been traditionally based on limited field survey and revenue records, which are susceptible to errors, leading to wrong estimates. To enable trade to make informed business decisions, IOPEPC has undertaken a project to correctly assess the crop, using GIS or satellite based crop survey and scientific yield model based on historic weather data. This provides accurate data.

North-East monsoon likely in two days, says Met Dept

A low-pressure area is expected to form over South Bay of Bengal by Monday, to be followed next day by the onset of the Northeast monsoon over South Peninsular India.

The India Meteorological Department (IMD) has put the low-pressure area under watch for intensification.

HEAVY RAIN

It has warned that isolated heavy rain may lash Kerala, south coastal Andhra Pradesh, Tamil Nadu and Puducherry during next two days.

Rain or thundershowers may break out at many places over coastal Karnataka, Kerala, south coastal Andhra Pradesh, Tamil Nadu, Puducherry and Lakshadweep.

A few places over south interior Karnataka, north coastal Andhra Pradesh and Rayalaseema also may receive rain.

The North-East monsoon is expected to materialise simultaneously as predecessor South-West monsoon completes its most successful rain in decades together.

NO CONSENSUS

Meanwhile, consensus still eludes meteorologists on what might have caused the South-West monsoon to fire on all cylinders this year and end with a surplus of six per cent.

The four-month season has had to fight a negative Indian Ocean Dipole event that mimics the ENSO (El Nino-La Nina) event. The dipole event may have just ended, an Australian Bureau of Meteorology review confirmed.

It ran almost parallel but failed to make an impression on the monsoon, fed as it was by the humungous supply of moisture from the nearby seas.

This ensured that the Bay of Bengal was kept busy churning out helpful low-pressure areas and even enhanced weather systems to generate rain over land.

Fewer Typhoons

In this context, a group of researchers argue that the activity in the Bay had to more with the less than productive season in the North-West Pacific to the East.

South-westerly flows headed into the North-West Pacific got directed instead to the Bay of Bengal.

The London-based Tropical Storm Risk Group had in early August come out with a forecast for fewer-than-anticipated storms being generated in the North-West Pacific.

Adam Lea, a scientist at Tropical Storm Risk Group, informed *Business Line* that the key factor behind below-normal cyclone season there was the unusual lack of activity through to early August.

Only two typhoons had formed in the North-West Pacific until August 8. Since 1965, only five years (1970, 1975, 1995, 1998 and 2010) have had two or less typhoons form by the August 6.

“Thus our August forecast had been lowered to 20 per cent below the 1965-2012 climate norm...” Lea wrote to *Business Line*.

Business Standard

Monday, October 21, 2013 | 10:47 AM IST

Optimism on agricultural growth this year



At the outset, it might seem that a below one per cent increase in kharif (summer crops) foodgrain production for 2013-14 has dashed the hope of a five per cent agricultural growth for the year. With this, any cooling of food inflation, around 18 per cent in Wholesale Price Index terms and 11 per cent on the basis of the Consumer Price Index, would be a far dream.

However, analysts say a deeper analysis shows over five per cent farm growth in 2013-14 is within reach.

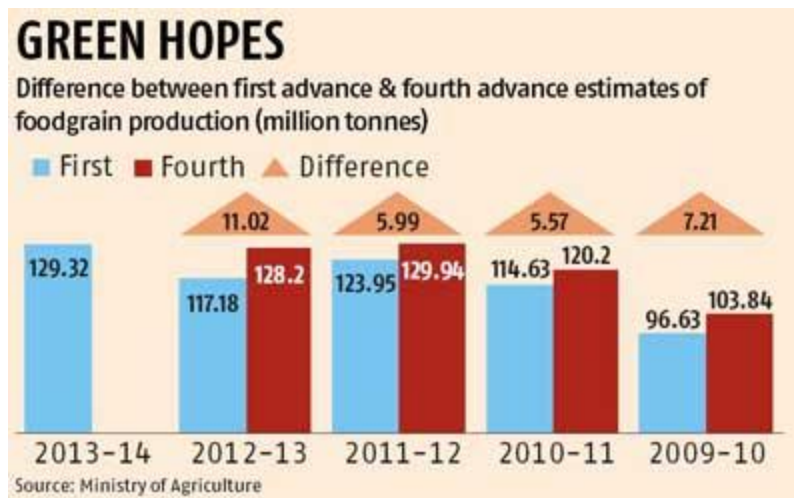
A low 0.87 per cent increase in kharif grain production was arrived at by comparing the first advance estimate for the current year with the fourth one of 2012-13. The 129.32 million tonnes of foodgrain production in the first advance estimate for the current year was only marginally higher than the 128.2 mt estimated by the fourth round for FY13.

However, if one makes like-to-like comparison, kharif foodgrain is estimated to grow 10 per cent compared to the 117.18 mt calculated by the first advance estimate of FY13.

“We are sticking to our estimate of five-plus per cent agricultural growth in 2013-14,” Ashok Gulati, chairman of the Commission for Agricultural Costs and Prices (CACP), told Business Standard.

There is usually a five to 11 mt upward revision between the first and fourth advance estimate of kharif production. The first advance estimate is usually issued in August-September and the fourth in April-May. Officials say the anomaly happens because of late reporting of crop size from district authorities and the rudimentary methods of estimation.

“Usually during the first advance estimate stage, the crop is about to mature. Hence, the exact size is difficult to assume, as many factors influence the crop between full maturing and harvesting,” a senior official explained.



The other factor which builds hopes of a sharp upward revision is the performance of the southwest monsoon. As rice is the most important grain grown during kharif, any dip in the monsoon has a serious adverse impact on its final output, particularly in eastern

states, where the crop is cultivated on large tracts.

“In 2012, the southwest monsoon was seven per cent below normal and kharif grain production was revised upward by a little over 11 mt. Imagine what can happen this

year, when the southwest monsoon is almost six per cent above normal across the country,” said another official.

In the eastern states of West Bengal, Odisha and Bihar to some extent, paddy is sown late, around early to middle August. So, its actual impact is not fully captured by the first advance estimate.

In West Bengal, the largest producer of rice, the southwest monsoon in 2013 was just one per cent below normal, while being 18 per cent deficient last year. In Bihar, though, rainfall was 30 per cent below normal between June 1 to September 30, it has been raining strongly since and the overall shortfall has narrowed significantly.

In maize, many in the sector believe the official production estimate of 17.78 mt is conservative and there would be a strong revision in the subsequent estimates. “Maize production is likely to surpass all records this year. We expect a bumper crop, with production possibly crossing 18 mt by the time the ministry comes out with its second advance estimates, as the first estimates are usually very conservative,” said Raju Choksi, vice-president (agri commodities), Anil Nutrients.

Oilseeds and pulses

Besides, good production in pulses and oilseeds will propel farm growth to over five per cent in 2013-14, analysts said. According to the first advance estimate for FY14, kharif pulses’ production this year is expected to be 6.01 mt, almost two per cent more than last year’s final production estimate.

In 2012-13, the government had first estimated kharif pulses’ production to be 5.26 mt but the final estimate was 5.91 mt. As such, the output was shown to rise by only just 1.7 per cent but it would be 14 per cent if the first advance estimates were compared with the first round of calculation last year, experts said.

In oilseeds, the first advance estimate for FY14 pegs output at 23.9 mt, almost 15 per cent more than last year.

"The strong showing in pulses and oilseeds will push up overall growth in agriculture," a senior official said.

A strong belief in the over five per cent growth is, however, not unanimous. CARE Rating's Madan Sabnavis felt such forecasts were exaggerated, more so after the first advance estimate did not give a comfortable scenario. "I feel agriculture GDP this year would, at best, be 3-3.5 per cent higher, as kharif foodgrains output is not expected to rise by much. Almost 55 per cent of total foodgrain production in India is during the kharif season and this will have a telling impact on overall food production," said Sabnavis.

He also discounted the notion that good pulses and oilseeds production would wipe off the impact of low cereal output. "Pulses and oilseeds have a small share in overall foodgrain production, both in weight and value. Hence, a strong increase in its production will not have that much impact on overall GDP," he said.

Agriculture and allied activities expanded 2.7 per cent in the first quarter of 2013-14 against 2.9 per cent in the same quarter of 2012-13.

Sugar mills, farmers differ over fixing cane price



Sugarcane farmers and sugar mills are at loggerheads over the fixation of cane price in Karnataka for the year 2013-14. The first meeting of the newly constituted sugarcane control board, held in Bangalore last month failed to arrive at a consensus on the cane price as both representatives mill owners and farmers' body stuck to their stand.

Farmers are demanding Rs 3,000 per tonne for the year 2013-14, a rise of 25 per cent over the last year's price of Rs 2,400 per tonne. The state government has announced a first installment of Rs 2,400 per tonne for the year. However, mill owners have not agreed to this price saying it does not cover their cost of production.

According to Kurubur Shanthkumar, president of Karnataka Sugarcane Growers' Association, farmers are not willing to accept any amount below Rs 3,000 per tonne and would launch an agitation if the government fails to meet their demands. "The mills are making huge profits by not only selling sugar in the open market, but also earning from the by-products like ethanol, molasses and power. We are asking them to share a fair amount of profits with the farmers," he said.

"The mills have announced Rs 2,900 per tonne in Uttar Pradesh, Rs 3,450 per tonne (ex-field) in Gujarat. Even in north Karnataka mills paid Rs 2,650 per tonne last year. So, we are asking only Rs 3,000 per tonne this year, a rise of 13 per cent over last year and on par with other states," Shanthkumar said.

The Central government has announced a fair and remunerative price (FRP) of Rs 2,100 per tonne on the basis of 9.5 per cent recovery for the year 2013-14.

The farmers in Karnataka are demanding a uniform price of Rs 3,000 per tonne ex-field for a recovery of 9.5 per cent as first installment and share 75 per cent of the profits earned at the end of the year. Shanthakumar said the farmers had struggled for more than five years to get the board constituted consequent to the enactment of the Karnataka Sugarcane (Purchase and Supply Control) Act 2013, but farmers have not

received adequate representation on the board. He also alleged that the board was not acting in line with the interests of the farmers.

"The cost of conversion of sugar for every tonne of cane works out to Rs 500-Rs 600 per tonne and the selling price of sugar is Rs 2,600 per quintal currently. This means after paying Rs 3,000 per tonne of cane to farmers, the sugar mills would end up with a loss of Rs 600-800 per tonne," a spokesperson for South Indian Sugar Mills Association (SISMA) said.

Sugar and Muzrai Minister Prakash B Hukkeri recently said a purchase price of Rs 2,400 per tonne fixed for sugarcane this year by the government was not the final price and this would be an initial payment to be made by factories.

The 15-member high-level committee consisting of government officials, representatives of farmers and mills would meet shortly to fix the final price for the cane this year, he said. Karnataka is the third-largest producer of sugar in the country with 58 mills, crushing 33 million tonnes of sugarcane and producing 3.43 million tonnes of sugar annually.

The average recovery in Karnataka is 10.39 per cent For the current crushing season, half a dozen mills in South Karnataka have started operations.