



The Fertiliser Association of India

FAI House, 10 Shaheed Jit Singh Marg, New Delhi – 110067

Current News

Current news on the latest developments in fertilizer, energy, weather, agriculture, agri-business, logistics, economy, and other related areas

(The views expressed in the news items are not necessarily of FAI)

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WEATHER

India Weather Update: Delhi to see clear skies today; IMD predicts rainfall in most parts of the country

Delhi recorded a maximum temperature of 30.4 degrees Celsius on Thursday, a notch above normal

Light to moderate rainfall accompanied by thunderstorms will prevail over East & Central India from tomorrow onwards till March 18, the India Meteorological Department (IMD) mentioned in the latest weather bulletin.

Due to low atmospheric pressure in lower tropospheric levels, scattered to fairly widespread rainfall is predicted over Gangetic West Bengal, Jharkhand, Odisha, Vidarbha, Chhattisgarh, and East Madhya Pradesh till March 20.

Isolated hailstorms are also likely over East Madhya Pradesh, Vidarbha, and Chhattisgarh on March 17 and 18.

Northeastern states like Arunachal Pradesh, Assam, Meghalaya, Nagaland, Manipur, Mizoram, and Tripura will see moderate rainfall and snowfall for the next few days, IMD mentioned.

Clear skies in Delhi

The weather office has forecast mainly clear skies with strong surface winds in the national capital today. The minimum and maximum temperatures are expected to settle around 15 and 30 degrees Celsius, respectively.

On Thursday, Delhi recorded a maximum temperature of 30.4 degrees Celsius, a notch above normal, while the humidity level during the day oscillated between 32 percent and 83 percent.

The Air Quality Index (AQI) settled in the 'moderate' category with a reading of 195, as per the Central Pollution Control Board (CPCB) data.

Temperature forecast

IMD has predicted the maximum temperatures above normal by 2-4°C over many parts of south Peninsular India. Further, it is likely to remain the same during the next 4-5 days.

In Southern states, hot and humid weather is very likely to prevail over Kerala & Mahe, Rayalaseema and Tamil Nadu, Puducherry & Karaikal during the next 5 days.

Meanwhile, no significant change in maximum temperatures is very likely over Northwest & West India during the next 3 days and rise by 2-4°C thereafter. Gradual fall in maximum temperatures by 2-3°C is very likely over Odisha during the next 5 days.

No significant change in maximum temperatures is likely over the rest of the country during the next 5 days.

Source: Financial Express, Friday, March 15, 2024

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Half of key reservoirs at less than 40% of capacity

In Dire straits. Storage drops for 23rd week in a row with the level in three-fourths of southern region setting off alarm bells

The water level in half of India's 150 major reservoirs is less than 40 per cent of the capacity with the storage in two-thirds being less than 50 per cent, as per data from the Central Water Commission (CWC) on Thursday. The major reason for the low storage is that under the influence of El Nino, which results in drought and prolonged dry period in Asia due to the warming up of the Pacific Ocean, at least 60 per cent of the country received deficient or no rainfall since January this year.

States with lower storage*		in %
States	Departure from normal	
Punjab	-7	
Rajasthan	-7	
Odisha	-2	
West Bengal	-19	
Nagaland	-14	
Bihar	-59	
Maharashtra	-11	
Uttar Pradesh	-25	
Chhattisgarh	-22	
Andhra Pradesh	-68	
Telangana	-10	
Karnataka	-26	
Tamil Nadu	-27	
AP & Telangana#	-50	

Source: Central Water Commission; *As of March 14; #Reservoirs which serve both States

Even during the post-monsoon period of October-December 2023, over 50 per cent of the country received deficient rainfall. According to CWC's weekly bulletin on live storage status of 150 reservoirs, the water level this week was 40 per cent of the 178.784 billion cubic metres (BCM) capacity at 70.746 BCM. During the same period a year ago, the level was 84 per cent of the capacity.

More worry in store

Over the last 10 years, the average water level has been 97 per cent of the capacity. It is for the 23rd consecutive week that the water level has declined. While the level in 75 of the reservoirs is below 40 per cent of the capacity, it is below 50 per cent in 21 and below 60 per cent in 32 others — cause for worry as the storage continues to dip in

the face of lack of rainfall. The situation in the southern region is more concerning with cities such as Bengaluru already starved of water. In fact, Karnataka, where the storage is 26 per cent below normal, has been rain deficient ever since El Nino emerged in June 2023. Nearly three-fourths (30) of the 42 reservoirs in the region are filled below 40 per cent of the capacity and a few more could witness a decline over the next couple weeks.

agri regions hit

Andhra Pradesh (-68 per cent) tops among States where the reservoir level is below normal. The storage in Tamil Nadu is 27 per cent lower than usual, while in Telangana it is 10 per cent lower. Kerala's level is normal but chances are that it could drop next week. Srisailem (15 per cent of capacity), Nagarjuna Sagar (4 per cent), Somasila (8 per cent), Yeluru (1 per cent) and Kandaleru (7 per cent), Priyadarshini Jurala (2 per cent) and Kaddam (4 per cent) in Andhra Pradesh and Telangana have low storage.

In Karnataka, the level in Krishnaraja Sagara (16 per cent), which irrigates the Cauvery delta, Tungabhadra (4 per cent) — which irrigates crucial cereals-growing areas of Uttara Karnataka, Telangana and Andhra Pradesh — and Narayanpur (17 per cent) is worrisome. In Tamil Nadu, Aliyar (8 per cent) and Sholayar (3 per cent), which irrigate the key agricultural areas in the western parts, storage is low. Overall, the storage in the southern region is 24 per cent of the 53.334 BCM capacity at 13.054 BCM.

Assam, a contrast

Though the storage in the northern region dropped to 34 per cent of the 19.663 BCM capacity (39 per cent same time a year ago) at 6.744 BCM, it can expect relief once the snow in the Himalayas begins to melt. An agriculture expert said in contrast, the southern region may not have any relief until the South-West monsoon sets in June. In both Punjab and Himachal Pradesh, the storage is 7 per cent lower than normal. Barring one, the level in 9 of the 10 reservoirs in the northern region is below 50 per cent of the capacity. Of the 23 reservoirs in the eastern region, the storage this week was 50.7 per cent of 20.430 BCM capacity at 10.363 BCM. Of these, 11 are filled less than half the capacity. Assam has more than double the normal storage, while it is 59 per cent below normal in Bihar. In the western region, 25 of the 49 reservoirs have a level below 50 per cent of the capacity. Overall, the storage was 48 per cent of the 37.130 BCM capacity at 17.815 BCM. In the central region, the level in 17 of the 26 are below 50 per cent of the capacity. Of the 48.227 BCM capacity, the storage was 22.77 BCM or 47 per cent. Chhattisgarh (-22 per cent) and Uttar Pradesh (-25 per cent) had below normal water.

Source: The Hindu Business Line, Friday, March 15, 2024

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(Opinion)**How India can address climate extremes**

By Abinash Mohanty

Early signs of climate extremes in 2024 are evident with deferred snowfall across the North and North-East valleys. As climate crisis is nearing tipping point, blistering hot days, incessant or erratic rains and intense droughts are going to be the new normal. In India, lives and livelihoods are getting ravaged. The window to keep warming below 1.5 degrees Celsius is closing, and India's vulnerability is increasing, with more than three-quarters of its districts being hotspots for extreme events. What should India do to step up its climate actions?

First, it should mandate the establishment of a Climate Risk Observatory (CRO), a risk-informed decision-making toolkit for decision-makers at the national, State, district and city levels under its National Resilience Programme. Such an observatory should identify, assess, and project chronic and acute risks at a hyper-granular level to better prepare against climate extremities like urban heat stress, water stress, crop loss, vector-borne diseases, biodiversity collapse, and ecosystem collapse. Real-time data on extreme events like climate-induced disasters should drive CRO. It can provide focused information related to response, preparedness, and relief to the authorities and citizens concerned. CRO should continuously map and monitor the regions using earth systems change simulation, empowering decision-makers with the timely, actionable, quantitative insights they need to succeed in an era of climate change. The Maharashtra Government is already developing such a mechanism by devising India's first Multi-hazard Risk Atlas for Mumbai city that would be integrated into its modern command and control centre.

Climate fund

Second, to finance climate action at scale, States must establish an Infrastructure Climate Fund (ICF) to support sustained investment into climate-resilient critical infrastructure and foster locally-led climate actions. Such a fund will expand the market's capacity to respond to climate catastrophes and negate risks from public and private balance sheets. Moreover, ICF can be geared towards enhancing the market's capacity to absorb increased risk at optimal return periods. ICF should aim to pave the way for a future where traditional markets can confidently absorb and navigate risks, contributing to greater economic stability across climate-sensitive sectors. Aligned with India's economic trajectory and infrastructure investments, it needs to be climate-resilient, and a risk-financing instrument like ICF should become a national imperative.

Finally, climate proofing of built-in and planned infrastructure needs renewed focus. The India Industry Report states that built-in infrastructure worth more than \$1.4 trillion would have been invested in India by 2023. Infrastructure is intrinsic to a country's developmental agenda. Estimates by World Bank Group show that investment in climate-resilient can fetch benefits worth \$4.2 trillion for countries like India. Numbers speak volumes. India's thought leadership led Collation for Disaster Resilient Infrastructure (CDRI) can mainstream the climate-proofing of infrastructure across its member nations by driving technological, system (policy and action) and financial innovations. Infrastructure can be made climate and disaster-resilient.

India needs a renewed focus to climate-proof its population and growth narrative; any miss now can cost decades of developmental backlog. Climate has changed forever, and its curve will not flatten without concerted effort.

The writer is Sector Head of Climate Change and Sustainability at IPE Global. Views are personal

Source: The Hindu Business Line, Friday, March 15, 2024

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GAIL to set up LNG filling stations along NHs; to invest ₹650 crore

State-run GAIL on Thursday said that it will set up liquefied natural gas (LNG) retailing outlets, which will cater to medium and heavy commercial vehicles, along major national highways (NHs) and aims to capture more than 50 per cent market share by 2030.

It will invest ₹650 crore in the venture, under which LNG filling stations will be set up along the Golden Quadrilateral, major NHs and mining hubs.

“LNG business has the potential to grow substantially. GAIL can take a central role in driving this growth and aspire to capture 50 per cent plus market share in next five-six years. This will help GAIL in the retail LNG sector, leading to an increase in natural gas portfolio. By converting transport fuel from diesel to LNG, reduction in carbon footprint is envisaged,” the CPSE said in a BSE filing.

The development assumes importance as LNG is considered a greener alternative to diesel-run vehicles and can help reduce pollution and emissions. Besides, it will help in increasing use of natural gas and raising its share in India’s energy mix to 15 per cent from around 6.7 per cent currently.

Govt support

A spokesperson for Ultra Gas & Energy, which operates LNG hubs in Sriperumbudur (Tamil Nadu) and Anand (Gujarat), said that India has huge potential for LNG hubs or retail points, considering that India has around four million trucks of various capacities.

Currently, setting up a LNG hub takes time due to various Central and State government clearances. Setting up a single-window clearance medium can fast-track the implementation.

The government can also aid the sector by conceptualising a policy for LNG.

Source: The Hindu Business Line, Friday, March 15, 2024

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Oil demand grew 2.4% in Feb: S&P Global

The demand for oil products in February increased by 1,32,000 barrels per day (b/d) or 2.4 per cent year-on-year (y-o-y), and by 256,000 b/d month on month, with consumption of all products rising except for fuel oil and some other minor products.

S&P Global Commodity Insights said that LPG and gasoil/diesel recorded the highest y-o-y growth as household consumption remained robust amid cooler weather in the North while diesel consumption increased, in line with the receding winter and increasing mobility.

Fuel oil consumption remained moderated as utilities and industries increased the usage of alternate sources, offsetting the impact of rising bunkering demand, it added.

Diesel consumption in February rose by 2.6 per cent on-year and 1,26,000 b/d on-month, as winter fog receded and mobility picked up the momentum.

Further, with normalisation of weather, industrial and construction activities saw an uptrend leading to higher gasoil use, S&P Global Commodity Insights Senior Analyst-South Asia Oil Markets Himi Srivastava said.

The truck drivers' strike in January had also led to lower demand in that month which improved in February showing a higher on-month increase, she added.

"Overall, the gasoil demand is expected to remain elevated in Q1 and register a growth of 60,000 b/d on year while the Q2 is expected to see an increase of 75,000 b/d on the back of harvesting activities picking up, along with the election period in India.

For 2024, diesel/gasoil will remain the most consumed fuel in the country and is also expected to be the largest contributor to growth," Srivastava said. Total jet fuel and kerosene demand was at 2,02,000 b/d in February, up by 16,000 b/d on-year as strength in air traffic continued after a slight drop in January due to unfavourable weather.

"According to AirNav Radar Box, India's flight departures during February increased by 3.1 per cent on-month and were up by 4.8 per cent on-year. This year began on a good note from a domestic passenger footfall perspective with close to 5 per cent y-o-y in January, which is 3 per cent higher than the 2019 level as well.

In Q1, we expect jet/kerosene consumption to grow by 19,000 b/d year on year," she said.

Overall, India's oil demand is expected to grow by 206,000 b/d in 2024. Gasoil and gasoline will be the highest contributors, together accounting for 65 per cent of the growth.

Source: The Hindu Business Line, Friday, March 15, 2024

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Early start to wheat procurement drive

Early start to wheat procurement drive

SANDIP DAS
New Delhi, March 14

THE GOVERNMENT'S WHEAT procurement drive for 2024-25 rabi marketing season (April-June) has commenced with Food Corporation of India (FCI) purchasing grain from farmers in Rajasthan.

Officials said that this is the earliest ever commencement of MSP operations in any year where FCI purchased around 20 tonne of wheat in Jhalawar district, Rajasthan on Wednesday.

Although the wheat purchase usually commences from April 1 for the marketing season, this year the government had urged states to begin MSP operations of wheat early.

The grain procurement target for the 2024-25 season is around 30-32 million tonne (MT) against 26.2 MT purchased from the farmers under MSP operations last season.

Higher purchase is expected to bolster the FCI's stock. At present, FCI has a wheat stock of 8.62 MT, lowest since 2016.

"Wheat arrivals in mandis



MSP OPS BEGIN

■ The grain procurement target for the 2024-25 season is around 30-32 MT against 26.2 MT purchased from the farmers

■ At present, FCI has a wheat stock of 8.62 MT, lowest since 2016

would gradually pick up pace by the end of the month in Rajasthan and Mad-

hya Pradesh," a food ministry official said. Meanwhile, Madhya Pradesh, the second

biggest contributor to the central pool wheat stock after Punjab, will commence operations to buy grain at minimum support price (MSP) in Khargone and Ujjain districts from Friday. The state is aiming to purchase 10 MT of wheat this season from farmers.

"We have registered 1.5 million farmers for procurement so far and this number is bound to increase as we have extended farmers' registration till end of the month," Smita Bharadwaj, additional chief secretary, food, civil supplies and consumer affairs, told *FE*.

Source: Financial Express, Friday, March 15, 2024

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Rs 750-cr 'blended' fund for agri start-ups soon

Out of the total Rs 750 crore corpus of the fund under the "Agri-SURE" scheme, Rs 250 crore each will be contributed by the agriculture ministry and Nabard. The remaining Rs 250 crore will be mobilised from institutions including private investors.

To promote investment and bring in efficiency in the value chain of agriculture and allied sectors, the government will soon launch a dedicated fund of Rs 750 crore to support and scale up operations of technology-driven agri-startups and rural enterprises.

Sources told FE that the agriculture ministry will roll out "blended capital support" involving the private sector to finance startups for agriculture and rural enterprises relevant for farm produce value chains, which will be managed by Nabventures, a wholly owned subsidiary of Nabard.

Out of the total Rs 750 crore corpus of the fund under the "Agri-SURE" scheme, Rs 250 crore each will be contributed by the agriculture ministry and Nabard. The remaining Rs 250 crore will be mobilised from institutions including private investors.

Sources said the fund aimed to help scale up operations of about 85 start-ups in the next five years with a variable ticket size upto Rs 25 crore each. A separate trust would be set up in Nabventures to register the fund with Securities and Exchange Board of India.

The target beneficiaries would cover those startups associated with sectors including agri-tech, food processing, animal husbandry, fisheries, supply chain management, farm mechanisation and bio-technology, according to officials. The modalities prior to launching of Agri-SURE is currently being worked out.

The aim of the fund would be to provide investments to start-ups unable to scale up their operations for want of access to equity and debt instruments to create new forward and backward linkages in the rural ecosystem.

Finance minister Nirmala Sitharaman in her budget for 2022-23 had announced a fund with blended capital, raised under the co-investment model, will be facilitated through Nabard. "This is to finance startups for agriculture and rural enterprise, relevant for farm produce value chain," she had said.

Officials said that the aim of the fund is to promote investments in innovative, technology driven, high-risk, high-impact activities in agriculture and allied areas."This would also provide funding support to start-ups engaged in infrastructure development and employment generation in rural areas," a source said.

Currently, the agriculture ministry is also implementing 'Innovation and Agri-Entrepreneurship Development' programme under Rashtriya Krishi Vikas Yojana since 2018-19 with an objective to promote innovation and agri-entrepreneurship by providing financial and technical support for nurturing startups ecosystem in the country.

Under the programme, the financial assistance to Rs 5,00,000 is provided to agri-startups at the idea or pre-seed stage and up to Rs 2.5 million at the seed stage to launch their products, services, business platforms, etc into the market and facilitate them to scale up their products and operations.

According to an official note, 1554 agri-startups including 387 women led startups working in various fields of agriculture & allied sector have been supported with technical and financial assistance of Rs. 111 crore so far.

Source: Financial Express, Friday, March 15, 2024

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Assam FPO exports 10 tonnes of organic ginger to UAE

Padumpathar Agro Organic FPC, an FPO in Assam's Golaghat district, exported 10 tonnes of organic ginger to Dubai on March 12, with another 10 tonnes possibly being shipped next week.

Facilitated by the Directorate of Horticulture of Assam government under the Mission Organic Value Chain Development for Northeast Region (MOVCDNER), a central sector scheme, farmers in the districts are said to have realised a good price for the premium ginger for the first time.

As many as 22 farmer producer organisations (FPOs), with a membership of 19,701 farmers, have been formed in Assam under the MOVCDNER, covering 20,000 hectares of organic land, said Laxmi Dutta, an official of the State government. The farmers received ₹95/kg in the export market as against ₹60 in the domestic market, officials said.

Kiega Exims, an exporting firm, took possession of the consignment in 32-35 kg per bag, which will be repacked into 3.5-kg packets in Mumbai before being booked for onward shipment to UAE, officials said.

Vachi Overseas, another exporter, has agreed to help Angjokpani Agro Organic Producer Company, another FPO of Karbi Anglong, to export 10 tonnes of ginger to Dubai, officials said.

Source: The Hindu Business Lines, Friday, March 15, 2024

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Darjeeling first flush tea likely to be hit by prolonged dry spell

The production of Darjeeling first flush tea is likely to be severely hit this year as a prolonged dry spell in the hills may cut into this premium tea output. The first flush crop in the Darjeeling hills, known as the world's most expensive tea, constitutes around 20 per cent of the total production in the hill town in a calendar year. Because of its high quality and price, this premium tea accounts for around 40 per cent of annual revenue for Darjeeling tea producers. "The situation is very dire for the first flush tea this year. Darjeeling is facing one of the worst droughts in many years. "The hills hardly got rains for more than five months," Indian Tea Exporters' Association Chairman Anshuman Kanoria told *businessline*.

Need rain in a week

Significantly, Darjeeling tea depends on rains and favourable weather for both quantity and quality of first flush, which marks the start of a new season.

"Due to the prolonged dry spell, mid and lower elevation bushes are already under stress. Higher elevation bushes are less impacted so far. We need rain within one week, otherwise the situation would be worse," Kanoria said. Plucking of the first flush tea generally starts in the middle of March and continues till the first week of May. According to planters, this year the crop is delayed by around one week. In 2023, total production of Darjeeling tea stood at just over 6 million kgs (mkg), marking the lowest output ever recorded.

Contrastingly, in 2022, the hills yielded 6.9 mkg of the brew.

Production dip

The tea industry has been witnessing a gradual fall in production for over a decade now. In 2011, tea production was 9.14 mkg, while it was 8.13 mkg in 2016.

Production in the hill town has been impacted by climate change, labour issues, lower productivity and profitability, according to industry insiders. Facing financial crises, many planters have sold gardens in recent years.

Planters said the current drought situation will add to the problem of Darjeeling tea industry.

Producers of the brew have been requesting the Ministry of Commerce and Industry for "protection" from dumping of cheap duty-free tea from Nepal. "But nothing is coming," they said.

Notably, Europe and Japan are the two large overseas markets for this premium tea, the first product to get a geographical identification (GI) tag in India.

Source: The Hindu Business Lines, Friday, March 15, 2024

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To achieve self sufficiency in edible oil, Govt focussing on palm oil, says Prime Minister

Prime Minister Narendra Modi has reiterated the Government's commitment to move towards self-sufficiency in edible oils production and harped on the importance of oil palm cultivation in the north-east region. This comes amidst India importing 57 per cent of its edible oil demand that sees an outgo of \$20.56 billion in foreign exchange.

"The insufficiency in edible oil is negatively impacting our forex by \$20.56 billion, making it more important for the nation to become self-sufficient (Atmanirbhar) in the production of edible oil through the promotion of oilseeds and palm oil," the Agriculture Ministry said in a statement.

During the visit to Arunachal Pradesh, Modi underscored India's self-reliance (atmanirbharta) in edible oil production, the Ministry said, adding that the Prime Minister highlighted the Mission Palm Oil, which is a special campaign carried out by the Central government with a focus on the north-east. Modi also inaugurated the first oil mill under this mission, it said.

"Mission Palm Oil will make India Aatmanirbhar in the edible oil sector and boost the income of farmers," the Prime Minister said, expressing gratitude towards the farmers for taking up palm cultivation, according to the statement.

Imports 21% down

A strategy will be formulated to achieve 'atmanirbharta' for mustard, groundnut, sesame, soyabean and sunflower oilseeds, Finance Minister Nirmala Sitharaman had announced in her interim Budget Speech for 2024-25.

However, the Department of Agriculture & Farmers Welfare later informed the Finance Ministry that the promise of a comprehensive scheme got "substantially implemented under National Food Security Mission (Oilseeds) and National Mission of Edible Oil (Oil palm)."

In the oil marketing year (November-October) of 2023-24, the overall import of vegetable oils by India declined 21 per cent to 46,47,963 tonne until February from 58,87,900 tonnes in the corresponding period of the previous season, according to Solvent Extractors' Association of India (SEA) data.

active in 15 States

The Government launched the National Mission for Edible Oils - Oil Palm (NMEO-OP) in August 2021 under which there is a target to raise crude palm oil production to 11.20 lakh tonnes by 2025-26. The scheme is operational in 15 States, covering a potential area of 21.75 lakh hectares.

The ministry said that 111 nurseries with the capacity of 1 crore planting material have been established, along with 12 seed gardens with the potential of 1.2 crore planting material for area expansion under the mission.

Source: The Hindu Business Lines, Friday, March 15, 2024

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Rajasthan govt to give free seed kits to boost millets production

Some of the hotels and restaurants in the Rajasthan are also serving dishes made with millets after a request made by the CM

The Rajasthan government has decided to distribute free seeds of millets and coarse grains to the state's farmers in a bid to boost millet production.

"We have decided to provide free mini kits of maize seeds to 1.2 million farmers, pearl millet (bajra) seeds to 800,000 farmers, mustard seeds to 700,000 farmers, moong seeds to 400,000 farmers, and sorghum (jowar) and moth seeds to 100,000 farmers," Chief Minister Bhajan Lal Sharma said.

An official of the agriculture department said that the free seeds kits will be distributed starting next financial year.

Rajasthan has a share of 26 per cent in total millet production of the country. Pearl millet and sorghum are the main millet crops produced in the state, with Rajasthan accounting for the country's 41 per cent bajra production. The state government had started the Rajasthan Millet Promotion Mission in 2022-23 and made a provision of Rs 40 crore to set up 100 primary processing units by farmers, entrepreneurs and voluntary organisations. Some of the hotels and restaurants in the state are also serving dishes made with millets after a request made by the CM. Surendra Singh, a Rajasthan-based hotelier, said he had even requested chefs to make new dishes of millets. "This move could help increase the use of coarse grains (millets) and benefit farmers growing millets," the official said.

"According to the state government's instructions, one or two dishes of coarse grains are now part of the menu in programmes organised by the Rajasthan Tourism Development Corporation," he added. Meanwhile, the newly formed BJP government is working towards increasing farmers' income. In this direction, the official said, the PM Kisan Samman Nidhi has been increased from Rs 6,000 to Rs 8,000 per year per farmer while the minimum support price on wheat has been increased to Rs 2,400 per quintal by giving an additional bonus of Rs 125 per quintal.

Source: Business Standard, Thursday, March 14, 2024

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(Opinion)

Raising farmers' income

Price guarantee may not do; farming costs must fall

By A Amarendra Reddy and Tulsi Lingareddy

Indian farmers' incomes are affected by various risks and uncertainties, from adequate access to quality inputs and credit to efficient production, post-harvest management and sale of produce at remunerative prices. Price risk is only one among them and legal guarantee of minimum support price (MSP) may not assure farmers' incomes, since the remaining risks persist. Despite rise in procurement of rice and wheat to over 90 per cent of production in select States, farm incomes in Punjab, Haryana and Telangana declined in 2019 compared to that in 2013, as per Situation Assessment of Agricultural Households and Land and Livestock Holdings of Households in Rural India published by National Sample Survey Organisation (NSSO). Further, indebted agricultural households accounted for over 90 per cent in Telangana, 50 per cent in Punjab and 47 per cent in Haryana during 2019, NSSO reports reveal. Hence, to raise farmers' incomes, it is essential to adopt a holistic approach that can reduce production cost with efficient input use and enhanced productivity, while improving farmers' bargaining power with efficient post-harvest management, direct market linkages and adequate market infrastructure and logistics.

Innovative solutions

To reduce the cost of cultivation, innovative solutions like precision farming and climate smart agriculture have proven to be effective. For instance, precision farming helped farmers in Madhya Pradesh cut fertilizer expenditure by ₹1,700-2,500 per hectare, according to International Center for Agricultural Research in the Dry Areas. Such farming solutions need to be customised for small farmers for widespread adoption. Further, long-range weather forecasts helped farmers in Telangana optimise production decisions, according to Energy Policy Institute, University of Chicago. With nearly 60 per cent of cultivated area being rainfed, such forecasting capabilities can be a game-changer for Indian agriculture.

Research indicates over 20 per cent of agricultural produce is lost due to inefficient post-harvest management. Despite notable efforts in recent years, there is limited progress in market infrastructure and logistics. The aggregate regulated warehousing capacity is only about 397 lakh tonnes, according to Warehousing Development and Regulatory Authority.

Further, market infrastructure facilities for grading, assaying and certification to enhance and ensure quality of produce are not adequately available in majority of *mandis*. Creating adequate market infrastructure and logistics can potentially strengthen farmers' position in value chains and increase their bargaining power, while also enabling their use of electronic national agriculture market (eNAM).

The recent influx in agricultural technology (agtech) start-ups can be a potential catalyst offering innovative solutions. A 2023 report by McKinsey & Company says agtech has potential to increase Indian farmers' incomes by 25-35 per cent by 2030. Private sector investment flows to agtech start-ups in India have increased significantly from about \$8.4 million in 2017-18 to about \$1,279 million in 2021-22, though they moderated to about \$706 million in 2022-23, as estimated by FSG, a global consulting firm. However, nearly 80 per cent of those investments were allocated to start-ups providing input and output linkages, whereas less than 20 per cent was allocated to research and development and novel farming solutions.

The increase in agricultural research allocation by about 5 per cent to ₹9,941 crore in Interim Budget 2024 is a positive step, but it needs to be enhanced substantially to at least 1 per cent of GDP. Thus, to boost farmers' incomes, it is imperative to address the inefficiencies prevailing across the agricultural production and marketing ecosystem

Amarendra is Joint Director, School of Crop Health Policy Support Research, ICAR-National Institute of Biotic Stress Management, Raipur; Tulsi is Consultant Economist - Financial Markets, Sustainable Finance and Agriculture. Views are personal

Source: The Hindu Business Lines, Friday, March 15, 2024

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ECONOMY

Unicorns to add \$1 trillion to economy by 2030, generate 50 million jobs: CII-McKinsey study

The first unicorn was seen in India in 2011, and after a decade, India has crossed the mark of 100 unicorns. The combined valuation of 113 unicorns is \$350 billion as of January 2024.

New unicorns are likely to add \$1 trillion to the Indian economy, which would reach \$7 trillion size by 2030, and add 50 million new jobs, according to a report released by industry body CII on Thursday. Startup firms valued over \$1 billion are categorised as unicorns.

The report 'Unicorn 2.0: Adding the Next Trillion' has been prepared with McKinsey & Company as the knowledge partner, CII said.

Sectors such as retail and e-commerce, next-gen financial services, manufacturing, and SaaS and digital are poised to drive massive growth in the coming years.

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The industry body said that the emergence of over 100 unicorns is a remarkable achievement, attributed to several pivotal factors, which encompass a digitally adept young population facilitated by widespread access to mobile internet, the growth of the middle class, and a supportive regulatory framework. CII president R Dinesh stated that the startup ecosystem is a vibrant tapestry woven with threads of innovation, resilience, and transformative ideas.

"As we dissect the components that foster growth, we navigate through the realms of economic contribution, job creation, and ground-breaking innovations that redefine industries," he said.

According to the findings of the CII report, India's 100-plus unicorns and about 100,000 startups have contributed a significant 10-15% to GDP growth between 2016 and 2023.

Moreover, rapid digitization has not only transformed urban centres but has also permeated rural areas, catalysed inclusivity and driving the creation of 20-25% of all new employment opportunities.

Startups are playing a pivotal role in powering India's economy across 9 sunrise sectors – manufacturing; IT and digital services; agricultural ecosystems; healthcare services; travel and tourism, modern retail and e-commerce; next-generation financial services; communication, media and entertainment; and skills and education. These sectors not only serve as current growth engines but are also projected to spur further growth, employment, and can have 20-23 times impact on exports by FY30.

India is home to 20 times more startups today than in 2015, going from 4,000 to over 100,000. Startups and related corporate ventures have contributed an estimated \$140 billion in economic value in FY23.

Source: Financial Express, Friday, March 15, 2024

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