The Fertiliser Association of India

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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

Weather Update: Shallow fog grips Delhi; IMD predicts rainfall in northern states – Check Full Forecast

As per the weather forecast agency, various areas in Delhi-NCR will experience ongoing light to moderate rain accompanied by thunderstorms.

Amid the chilly weather, a thick blanket of fog enveloped Delhi on Friday, affecting visibility in several areas. As per the India Meteorological Department (IMD), fog-shrouded isolated areas of Delhi and East Uttar Pradesh, while dense fog was observed in isolated pockets of Haryana, Rajasthan, and Jharkhand.

Earlier on February 1, the national capital experienced a minimum temperature of 12.3 degrees Celsius, while the maximum temperature reached 18.6 degrees Celsius.

As per the weather forecast agency, various areas in Delhi-NCR will experience ongoing light to moderate rain accompanied by thunderstorms.

“Currently, thunderstorms with moderate-intensity rain are occurring in many places of Delhi,” IMD wrote on X.”It will occur over and adjoining areas of Delhi–Narela, Bawana, Alipur, Burari, Rohini, Karawal Nagarand NCR–Loni Dehat, Hindon AF Station, Bahadurgarh, Ghaziabad, Indirapuram, Chhapraula, Noida, Gurugram and Manesar,” the tweet added.

Fog conditions and wet spells in parts of the country

Dense to very dense fog conditions are very likely to prevail in morning hours over some parts of Punjab, Haryana, Chandigarh, Uttar Pradesh, Rajasthan, and Bihar till February 3.

Owing to a western disturbance, light to moderate rainfall/snowfall is likely over Jammu, Kashmir, Ladakh, Himachal Pradesh, and Uttarakhand till February 5, 2024.

Further, scattered showers are predicted over Punjab, Chandigarh, Haryana, and Delhi today.

Isolated hailstorms are also likely over Himachal Pradesh, Uttarakhand, Punjab, Haryana, Chandigarh, and West Uttar Pradesh today.

Minimum temperature forecast

As per IMD, there will be significant changes in minimum temperatures likely over most parts of the country during the next 5 days. Besides, a fall by 2-3℃ in minimum temperatures is predicted over many parts of Central & East India during 2 days and no significant change thereafter.

Source: Financial Express, Friday, February 02, 2024

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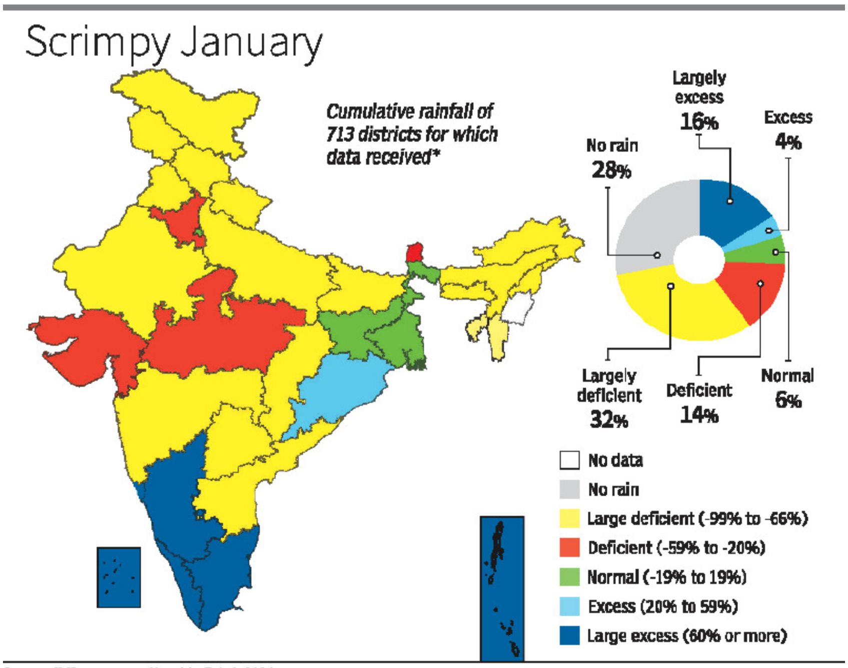
Reservoirs' level drops for 17th week in a row



Source: IMD *Jan 1 to Feb 1, 2024

Water storage dropped to below 50 per cent of the capacity in 43 per cent of the 150 major Indian reservoirs this week as the level fell for the 17th consecutive week.However, the western region, comprising Gujarat and Maharashtra, saw its reservoir levels rise to 67 per cent of the capacity against 65 per cent a week ago.

The water situation continues to be worrisome in northern and southern regions with the level dropping to 46.49 per cent and 34 per cent of the capacity. In the central region, the storage decline below 60 per cent of the capacity. The storage is below normal in 11 States.

According to the weekly bulletin on live storage status issued by the Central Water Commission (CWC), the storage was 93.527 billion cubic metres (BCM) or 52 per cent of the capacity of 178.784 BCM.

Last year, the reservoirs were filled to 83 per cent of the capacity and the last 10 year's average is 97 per cent.According to the IMD, 74 per cent of the country experienced deficient, large deficient or no rainfall since the beginning of this year.Among the 11 States where the water level is far lower than normal, Andhra Pradesh topped with a level 52 per cent below usual followed by Bihar at 38 per cent, Karnataka 32 per cent and Punjab 31 per cent.Assam has its reservoirs filled to the brim with the level at 177 per cent above normal.

Dry & deficit

In the northern region, 7 of the 10 reservoirs were filled below 50 per cent of the capacity. The storage in the region was 46.49 per cent (48.49 per cent last week) of the 19.663 BCM capacity at 9.141 BCM. Only one reservoir has storage that is above 80 per cent. In the southern region, the level was 34 per cent (36 per cent) of the 53.334 BCM at 18.360 BCM.

Of the 43 reservoirs, the storage in 22 is below 50 per cent of the capacity. Besides lower storage in Karnataka and Andhra Pradesh, Tamil Nadu, too, has a level that is 12 per cent below normal.

The storage in the eastern region was 61 per cent (63.5 per cent) of the 20.430 BCM at 12.532 BCM. Of the 23 reservoirs, the level in eight is below 50 per cent of the capacity, though three are filled to capacity. Besides Bihar, Bengal (-3 per cent), Nagaland (-17 per cent), Odisha (-3 per cent) and Tripura (-4 per cent) had lower storage.

The situation in the western region seemed better with Maharashtra now having a two per cent higher than normal storage. Of the 49 reservoirs in the region, 37 are filled above 50 per cent of the capacity, but only one reservoir is filled to capacity.

In the central region, 14 of the 26 reservoirs have a level below 50 per cent of the capacity. The storage this week was 59 per cent (61 per cent) of the 48.227 BCM capacity at 28.513 BCM.

Source: The Hindu Business Line, Friday, February 02, 2024

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ENERGY

Green focus should help speciality chemical firms

Budget announcement for FY24-25 continues with its green focus, first introduced last year. Last year's plan indicated that a green, sustainable and circular economic development will be a strategic pillar for the government. This emphasis has been extended in the interim Budget as well.

This should benefit speciality chemical companies in the long run. Solar film manufacturing and battery, energy storage solutions involve demand for specialised chemicals.

While the demand for such new-age solutions has taken off, the companies are currently in a downcycle as inventory stocking and lower prices have impacted growth expectations. The announcement in the interim Budget reinforces the long-term direction of green energy which should positively rub off on speciality chemicals.

Solarisation scheme

Under the roof-top solarisation scheme 1 crore households will be targeted. The households will be enabled to obtain up to 300 units of free electricity every month with savings estimated at ₹15,000 to ₹18,000 per year per household.

The Budget announcement also announced expanding and strengthening electric vehicle ecosystem by supporting infrastructure related to charging stations. Electric buses for public transport are also expected to benefit from the scheme.

Speciality chemical companies, mainly the ones focussed on fluorination, can be expected to benefit.

Electrolytes in batteries, solar films used in solar panels, waste treatment in biogas and biomass, efficient catalysts and environment-compliant refrigerants; chemicals are used in most green solutions.

SRF, Gujarat Flurochem and Anupam Rasayan are exploring or commercialising products for solar films or battery storage. Tatva Chintan and Clean Science are operating in clean catalyst or green solution space.

The customs duty for Fluorospar, a raw material for fluorochemicals which are used in pharma, agro-chem and new-age energy solutions, has been reduced from 5 per cent to 2.5 per cent in last year' announcement itself.

PLI and other incentives for new ventures have been a broad support for import substitution or friend-shoring supply chains. The current announcements add a lever for demand growth.

Source: The Hindu Business Line, Friday, February 02, 2024

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Solar, wind gain big in green economy push

The government has announced setting up of coal gasification and liquefaction capacity of 100 million tonne by 2030 to further reduce imports of natural gas, methanol and ammonia.

In line with the government's commitment of achieving net-zero carbon emissions by 2070, the interim Budget has rolled out a number of green initiatives providing incentives for solar and wind energy.

The most important among them is the rooftop solarisation scheme, under which 10 million households will be enabled to receive up to 300 units of electricity free every month. This follows Prime Minister Narendra Modi's announcement of the 'Suryodaya Yojana' on January 22.

"Households will be able to save Rs 15,000-18,000 annually from free solar electricity and selling the surplus to distribution companies," the finance minister said.

The scheme will also create employment opportunities for youth with technical skills in manufacturing, installation and maintenance, and entrepreneurship opportunities for supply and installation vendors.

"The initiatives aimed at promoting rooftop solarisation signal a strategic framework to leverage India's substantial residential market for renewable energy adoption," Sharad Pungalia, MD & CEO, Amplus Solar, said.

The government will also provide viability gap funding for harnessing offshore wind energy potential for an initial capacity of 1 GW.

Compared to onshore, offshore projects are costlier from a cost of energy perspective. "The VGF announced in this year's Budget will aid in lowering power generation costs to ensure power offtake from these projects, as well as instill confidence among wind players towards investing in offshore technologies," Devansh Jain, executive director, INOXGFL Group, said.

The government has increased outlay for solar power (grid) to `8,500 crore in FY25, against Rs 4,757 crore allocated in FY24, revised estimates show. Allocation under the Green Hydrogen Mission has been budgeted at Rs 600 crore in FY25, against \Rs 100 crore in FY24.

"Announcements on viability gap funding for offshore wind energy and allocations for solar rooftop projects will support development of the whole industry," Sumant Sinha, founder, chairman and CEO at ReNew, said. "The announcement of the corpus of Rs 1 trillion for R&D in sunrise sectors sets a positive tone for the future, encouraging us to accelerate our investments and innovations in renewable energy technologies."

However, industry players feel that supply chains for solar modules, too, could have been relaxed for better achievement of renewable energy goals.

"While the demand market has been incentivised, relaxations in import taxes would have parallelly helped generators achieve the targets associated with the rise in energy demand till local manufacturing stabilises," Pungalia said.

The government has also announced financial assistance for procurement of biomass aggregation machinery to support collection while mandating the phased blending of compressed biogas in compressed natural gas for transport and piped natural gas for domestic purposes.

The decision is expected to benefit the entities in the city gas distribution sector through lower dependency on imported LNG, Girishkumar Kadam, senior vice president and group head – corporate ratings, Icra, said.

The government has announced setting up of coal gasification and liquefaction capacity of 100 million tonne by 2030 to further reduce imports of natural gas, methanol and ammonia.

Source: Financial Express, Friday, February 02, 2024

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FERTILIZER

A 16x fillip for organic fertilizers

taking chances. Nano-DAP will be expanded in all agro-climatic zones even as debate over nano-urea rages

After managing to reduce urea subsidy despite high global prices during FY23-24 and stepping up allocation for organic fertilizers by more than 16 times, the focus on nano di-ammonia phosphate (nano-DAP) may eventually help the government to bring down subsidy on phosphatic fertilizers substantially. This is even as the debate over the efficiency of liquid nano fertilizers still continues.

In her Budget speech, Finance Minister Nirmala Sitharaman said: “After the successful adoption of nano-urea, application of nano-DAP on various crops will be expanded in all agro-climatic zones.” She did not explain further.

The minister has allocated ₹100 crore for promotion of organic fertilizers during FY25 against ₹6 crore in FY24 (RE). A new scheme for promotion of organic fertilizers providing Market Development Assistance (MDA) and promotion of Research and Development as GOBARdhan initiatives, was introduced in 2023. The PM-PRANAM scheme was also launched last year to grant financial incentive under a formula to States if they reduce usage of chemical fertilizers.

New beginning

Launching the commercial roll out of nano-DAP of fertiliser co-operative IFFCO in April last year, Union Co-operation Minister Amit Shah had said the introduction of nano variant of fertiliser was a new beginning towards making India self reliant on fertilizer as it would increase farm productivity without impacting the soil health. Apart from IFFCO, Coromandel International and Zuari have got government’s approval to manufacture nano-DAP.

Though it is claimed that a bottle (500 ml) of nano-DAP is equivalent to one bag (50kg) of conventional DAP, the price of IFFCO’s nano-DAP has been kept at ₹600 per bottle (without subsidy) against ₹1,350/bag (with subsidy) for conventional DAP. Coromandel has also been selling its nano-DAP priced at about ₹630 a bottle.

“Our recent introduction of Nano Shakti nano-Urea and Nano Shakti nano-DAP align with the government’s focus on advancing sustainable farming practices to empower farmers, boost crop yields, and enhance soil health for a resilient and prosperous agricultural sector,” said Madan Pandey, MD, Zuari Farmhub.

“Expanding the usage of nano-DAP across all agroclimatic zones is a win-win for the farmer as well as the government,” said Pushan Sharma, Director-Research, CRISIL Market Intelligence & Analytics.

He said a 500-ml bottle of nano DAP is equal to a 50-kg bag of conventional DAP for a farmer, but it has been priced at half of the rate a bag commands, he said. For the government, it has the potential to reduce imports and the subsidy bill.

This (decision to scale up nano-DAP) is particularly beneficial as India imports 60 per cent of its DAP requirement, whereas share of DAP is 14-15 per cent in the overall fertilizer subsidy, Sharma said.

Source: The Hindu business Line, Friday, February 02, 2024

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AGRICULTURE

For FY25, Agriculture Ministry gets Rs 1.27 lakh cr allocation in Budget

11.8 CR FARMERS RECEIVE FINANCIAL ASSISTANCE UNDER PM KISAN YOJANA

For FY25, Agriculture Ministry gets Rs 1.27 lakh cr allocation in Budget

OUR CORRESPONDENT

NEW DELHI: The government has allocated Rs 1.27 lakh crore budget for the Ministry of Agriculture for 2024-25, marginally higher than the current fiscal.

According to the budget document, the agriculture ministry has been allocated Rs 1,27,469.88 crore for 2024-25 financial year, of which the Department of Agriculture will get Rs 1,17,528.79 crore while the Department of Agricultural Research and Education (DARE) Rs 9,941.09 crore.

As per the revised estimates of the current fiscal, the department of agriculture has been allocated Rs 1,16,788.96 crore while the DARE Rs 9,876.60 crore.

The allocation for flagship PM-KISAN scheme under the department of agriculture remains unchanged for next fiscal at Rs 60,000 crore. Under this scheme, the government provides Rs 6,000 per year to farmers in three equal instalments.

Sitharaman said as many as 11.8 crore farmers were provided financial assistance under the PM KISAN Yojana.

» Food and fertilizer subsidy pegged at Rs 3.69 lakh crore for next fiscal

According to the budget papers, the Ministry of Consumer Affairs, Food & Public Distribution has been allocated Rs 2.13 lakh crore for the next fiscal year, lower than the 2023-24 allocation.

Under this ministry, the allocation for the department of consumer affairs has been earmarked at Rs 303.62 crore for 2024-25 from Rs 309.26 crore in the current year.

Government subsidies on food and fertilisers have been pegged at Rs 3.69 lakh crore for 2024-25, about 8 per cent lower than the estimated outgo in the current fiscal.

The Department of Food and Public Distribution has been earmarked Rs [illegible] crore as against Rs 2,21,924.64 crore in the current 2023-24 fiscal. This department has been tasked to provide free foodgrains to over 80 crore people through ration shops.

Key Points

- » The allocation for flagship PM-KISAN scheme unchanged at Rs 60,000 crore
- » Ministry of Consumer Affairs, Food & Public Distribution has been allocated Rs 2.13 lakh crore
- » The Ministry of Chemicals and Fertilizers has been allocated Rs 1.68 lakh crore for 2024-25 fiscal

The Ministry of Chemicals and Fertilizers has been allocated Rs 1.68 lakh crore for 2024-25 fiscal.

Under this ministry, the allocation for the department of fertilisers has been reduced to Rs 1,64,150.81 crore for the upcoming financial year from Rs 1,88,947.29 crore in the current fiscal.

The department of chemicals and petrochemicals has been earmarked Rs 139.05 crore next fiscal as against Rs 572.63 crore in the current financial year.

However, the allocation for the department of pharmaceuticals has been enhanced to Rs 4,089.95 crore from Rs 2,697.95 crore in the current fiscal.

The Ministry of Cooperation, headed by Home Minister Amit Shah, has been allocated Rs 1,183.39 crore for 2024-25 from Rs 747.84 crore in FY24.

As per the document, the Ministry of Fisheries, Animal Husbandry and Dairying has been earmarked Rs 7,105.74 crore for the next fiscal.

Out of this, the department of fisheries' allocation has been increased to Rs 2,584.50 crore in the next fiscal from Rs 1,701 crore in the current 2023-24 fiscal. The department of animal husbandry and dairying has been allocated Rs 4,521.24 crore in 2024-25 from Rs 3,913.93 crore in the current fiscal.

Source: Millennium Post, Friday, February 02, 2024

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Post-harvest activities, value addition get a leg-up

The post-harvest segment in farm sector will get a fillip with government announcing its intent to further promote both public and private sector investments in the agriculture supply chain. The move will encourage value addition while reducing post-harvest losses, besides enhancing farmers' income, stakeholders said.

Finance Minister Nirmala Sitharaman said the efforts for value addition in agricultural sector and boosting of farmers' income will be stepped up. "For ensuring faster growth of the sector, our government will further promote private and public investment in post-harvest activities including aggregation, modern storage, efficient supply chains, primary and secondary processing and marketing and branding," she said.

The Pradhan Mantri Kisan Sampada Yojana has already benefited 38 lakh farmers and generated employment for 10 lakh. Pradhan Mantri Formalisation of Micro Food Processing Enterprises Yojana has assisted 2.4 lakh self-help groups and 60,000 individuals with credit linkages.

Sandeep Sabharwal, Founder and CEO of Sohan Lal Commodity Management (SLCM), said the impetus given to post-harvest activities is a positive move to encourage private-public partnerships and address the diverse ambits of post-harvest agricultural logistics, including storage, supply chain as well as primary and secondary storage.

Karthik Jayaraman, Managing Director, WayCool Foods, said the new proposals of PPP Projects in post-harvest management and value addition will help unlock entrepreneurship and value in the supply chain.

Source: The Hindu Business Line, Friday, February 02, 2024

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In agri, value addition set to be in focus

In agri, value addition set to be in focus

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NEW DELHI: India will launch new plans and ramp up existing ones to build food parks and post-harvest facilities to boost farm incomes, and formulate strategies to cut the country's reliance on cooking oil imports, finance minister Nirmala Sitharaman said on Thursday as she presented the Union interim budget for 2024-25 ahead of the general elections this summer.

"Efforts for value addition in the agricultural sector and boosting farmers' income will be stepped up," the finance minister said. The government would expand the application of a novel fertiliser called Nano DAP to all agro-climatic zones, she added.

In all, the interim budget allocated a total of ₹1.17 lakh crore for 2024-25 for the agriculture department, marginally up from funds actually spent (revised estimates) of ₹1.16 lakh crore for 2023-24 and budget estimates of ₹1.15 lakh crore for 2023-24.

Funding for the agriculture ministry's key flagship crop insurance scheme was cut to ₹14,600 crore for 2024-25, down from ₹15,000 crore (revised estimates) spent in 2023-24.

The finance minister said that in the past 10 years, the government gave direct financial assistance to 118 million farmers under PM-Kisan Samman Yojana, a cash handout programme for every landholding agricultural family.

Contrary to speculation, the budget did not raise the annual cash handout amount of ₹6,000 given to every farm family under the PM-KISAN scheme, for which the allocation for 2024-25 remains unchanged at ₹60,000 crore from revised estimates of 2023-24.

The interim budget also slashed funds for PM AASHA, a price-support scheme for farmers used to buy oilseeds and pulses from farmers at federally fixed floor prices. The outlay in the interim budget for 2024-25 for PM AASHA stands at ₹1,738 crore, down 21% from ₹2,200 crore actually spent in 2023-24 (revised estimates).

Sitharaman said strategies would be activated to achieve 'atmanirbharta' (self-sufficiency) in oilseeds such as mustard, groundnut, sesame, soybean, and sunflower, the finance minister said. According to budget documents, the scheme for self-sufficiency in oilseeds will be part of "Krishionnati Yojana" for which the interim budget allotted ₹7,447 crore, compared to revised estimates of ₹7,066 crore (2023-24).

The finance minister said investments would be made in post-harvest activities including aggregation, modern storage, efficient supply chains, primary and secondary processing and marketing and branding.

"The sector is poised for inclusive, balanced, higher growth and productivity. These are facilitated from farmer-centric policies, income support, coverage of risks through price and insurance support, promotion of technologies and innovations through start-ups," the finance minister said in her speech.

Under the Modi government, agriculture has nearly clocked 4% growth. Latest advance estimates show farm GDP is estimated to grow a muted 1.8% in 2024-25, which comes on the back of a high base.

The agriculture sector has been battered by extreme weather over the past two years, lowering supplies and stoking prices. This has prompted the government to ban the export of wheat, rice and onion, which some economists reckon has hurt farm incomes.

Sitharaman said the Pradhan Mantri Formalisation of Micro Food Processing Enterprises Yojana had reached over 200,000 self-help groups and 60,000 individuals with credit linkages.

The Pradhan Mantri Kisan Sampada Yojana, a scheme to boost fisheries, has benefitted 3.8 million farmers and generated over a million jobs. She also said the Electronic National Agriculture Market linked 1,361 markets and providing services to 180 million farmers with trading volume of ₹3 lakh crore. "These and the provision of basic necessities have enhanced real income in the rural areas. Their economic needs could be addressed, thus spurring growth and generating jobs," Sitharaman said.

Source: Hindustan Times, Friday, February 02, 2024

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Centre extends sugar subsidy for AAY families for 2 more years

The Union Cabinet chaired by Prime Minister Narendra Modi approved the extension of the sugar subsidy scheme for Antyodaya Anna Yojana (AAY) families distributed through the Public Distribution Scheme (PDS) for two more years till March 31, 2026.

The scheme facilitates access of sugar to the poorest of the poor and adds energy to their diet. Under the scheme, the Centre gives a subsidy of ₹18.50 per kg per month of sugar to AAY families of participating States.

The approval is expected to extend benefits of more than ₹1,850 crore during the period of the 15th Finance Commission (2020-21 to 2025-26). The scheme is expected to benefit about 1.89 crore AAY families of the country.

The Centre is already giving free ration under Pradhan Mantri Garib Kalyan Anna Yojna (PM-GKAY).

affordable prices

Sale of 'Bharat Atta', 'Bharat Dal', tomatoes and onions at affordable and fair prices. So far, about three lakh tonnes of Bharat Dal (chana dal) and about 2.4 lakh tonnes of Bharat Atta have already been sold, benefiting ordinary consumers.

Thus, the availability of subsidised dal, atta, and sugar has completed the food for a common citizen of India fulfilling *Modi ki Guarantee* of 'Food for All, Nutrition for All,' an official statement said.

Source: The Hindu Business Line, Friday, February 02, 2024

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Edible oil sector seeks policies to achieve self-reliance

As Finance Minister Nirmala Sitharaman announced a special focus to promote edible oil crops, the sector expects an early roll out of a strong policy framework on the lines of the one the Government introduced for the growth of oil palm plantations in the country.

The sector, which drains foreign exchange as the country is still dependent on imports to meet the demand for edible oil, wants policy support to halve the import dependency to at least 30 per cent. India imports about 150 lakh tonnes of edible oil annually, valued at over ₹1.35-lakh crore.

In her Budget speech on Thursday, the Finance Minister said the government would draw a strategy to achieve 'atmanirbharta' for oilseeds such as mustard, groundnut, sesame, soyabean, and sunflower.

Lagging

Though the government has been talking about launching a strategy to address the concerns in this space, there's not much happened in terms of policy formulation.

"The Government has introduced a good policy framework for the promotion of oil palm industry. We expect a policy on the lines of the oil palm mission. We hope the government would ensure allocation of funds soon to make it happen," President of the IVPA (Indian Vegetable Oil Producers' Association), told *businessline*.

Ajay Jhunjhunwala, President, Solvent Extractors' Association of India, has said that the plan would cover crucial aspects such as research for high-yielding varieties, the widespread adoption of modern farming techniques, establishment of market linkages, procurement, value addition, and crop insurance.

Welcoming the government's plan, Pradeep Chowdhry, Managing Director, Gemini Edibles & Fats India Ltd, said a few processing plants are coming up in different parts of the country, he said the scale of such efforts would depend on the growth of the domestic oil seeds production.

Davish Jain, Chairman, Soybean Processor's Association of India (SOPA), said he was expecting the government to make some announcement to raise customs duty on import of edible oils to reduce India's dependency on imports and push indigenous edible oil sector.

Source: The Hindu Business Line, Friday, February 02, 2024

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ECONOMY

Major subsidies drop a fifth in FY24; Expenditure on the sops seen to fall 8 per cent to Rs 3.8 trillion in FY25

This is due to the softening of global prices of soil nutrients and the termination of the extra grains supplies under the Nationa Food Securities Act (NFSA) effective December 2022.

The Union government's total expenditure on explicit subsidies – food, fertiliser and LPG – is projected to drop 21% to Rs 4.13 trillion in the current fiscal year, from Rs 5.24 trillion in FY23. However, for 2024-25, the interim budget has made provision of Rs 3.81 trillion as subsidies, 8% lower than the revised estimate for FY24.

This is due to the softening of global prices of soil nutrients and the termination of the extra grains supplies under the Nationa Food Securities Act (NFSA) effective December 2022. As per the revised estimate of the total spending on the three subsidies in the current fiscal is Rs 4.13 trillion, with Rs 2.12 trillion for food, and Rs 1.88 trillion for fertilisers.

The government had spent Rs 2.72 trillion on account of food subsidy in FY23 because of additional foodgrains provided under Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) in addition to highly subsidised food grains supplied under NFSA during first three quarters of last fiscal.

Under PMGKAY which was subsumed with NFSA from January 2023 around 48 million tonne (MT) of foodgrains are supplied free to 800 million beneficiaries annually. The government has extended the free ration scheme for five years till end of 2028 which would cost the exchequer around Rs 11.8 trillion due to a projected increase of 7%-8% in the minimum support price (MSP) of the rice and wheat annually, and other costs.

Finance minister Nirmala Sitharaman in her interim-budget (2024-25) speech said the worries about food have been eliminated through free ration (PMGKAY) for 800 million people.

"Minimum support prices for the produce of 'Annadata' are periodically increased appropriately and the provision of basic necessities have enhanced real income in the rural areas," she said.

The fertiliser subsidy as per revised estimate for FY24 has been projected at Rs 1.88 trillion, a decline of 25% from a record of Rs 2.51 trillion in FY23. For the next fiscal, the subsidies towards soil nutrient is estimated at Rs 1.64 trillion.

Meanwhile, with the expansion of 7.5 million additional LPG connections to be released the Pradhan Mantri Ujjwala Yojana in 3 years under the scheme, the total subsidy outgo for LPG this fiscal as per revised estimate is Rs 12,240 crore. For next fiscal, the budget has made provision of Rs 11,925 crore under LPG subsidy.

Source: Financial Express, Friday, February 02, 2024

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Will meet the fiscal deficit target of 4.5% by FY26: FM

upbeat. 'Lower borrowing will facilitate better availability of credit for private sector'

Finance Minister Nirmala Sitharaman expressed confidence on Thursday in meeting the fiscal deficit target of 4.5 per cent or even less by FY26. For the next fiscal, she surprised the markets by keeping the deficit target at 5.1 per cent, which also means lower borrowing.

Fiscal deficit for the current fiscal has been revised to 5.8 per cent, against 5.9 per cent announced in the Budget last year.

"The gross and net market borrowings through dated securities during FY25 are estimated at ₹14.13-lakh crore and ₹11.75-lakh crore, respectively. Both will be less than that of FY24," said Sitharaman while presenting interim Budget for FY25.

Further, she hoped that lower borrowing by the Central government will facilitate better availability of credit for the private sector. This will support private investments, which are now are happening at scale.

FY24 borrowing was pegged at ₹15.43-lakh crore, the highest ever. The lower borrowing estimate for FY25 is on account of growing tax revenue and the government's resolve to meet its fiscal consolidation roadmap. About net borrowing estimate, Sitharaman said it would be ₹11.75-lakh crore in the next financial year. As a result, the government will make repayment of ₹2.38-lakh crore during the year.

GST collection

Budget documents showed the government expects to get ₹1.23-lakh crore from the GST compensation fund in FY25, which will be used to fund some of the upcoming bond redemptions. It may be noted that when the government introduced GST in 2017, it promised to pay compensation to States in lieu of taxes subsumed by the new indirect tax system until July 2022, which was extended to March 2026, to repay the loans taken during the Covid period.

Talking about fiscal deficit, Sitharaman explained that even moderation in nominal GDP for FY24, strong revenue growth helped lower deficit. "We continue on the path of fiscal consolidation, as announced in my Budget Speech for FY22, to reduce fiscal deficit below 4.5 per cent by FY26. Fiscal deficit in FY25 is estimated to be 5.1 per cent of GDP adhering to that path," she said. DK Srivastava, Chief Policy Advisor, EY India, said the Interim Budget for FY25 accords the highest priority to restoring fiscal consolidation. "The Budget shows the reduction in the fiscal deficit to GDP ratio by 60, 70, and 60 basis points in three consecutive years to reach 4.5 per cent of GDP by FY26," he said.

Accordingly, the reduction in the Centre's debt-GDP ratio from 60.8 per cent in FY21, which was at its peak in the Covid year to 56 per cent in FY25 (BE), is 4.8 per cent points.

"This will have a positive impact on the ratio of interest payments to revenue receipts. In terms of the FRBM debt-GDP benchmark of 40 per cent, the GoI still has some distance to cover," he said. Christian de Guzman, Senior Vice-President at Moody's Investors, said: "Given the challenging global environment and the potential for climate-related shocks, emerging spending needs not currently included in the Budget could restrict the government's ability to meet its deficit target. Furthermore, the envisaged fiscal consolidation will not alleviate pressures on debt affordability amid high current interest rates, as the Budget projects debt servicing costs to account for an increasingly large portion of revenue," he said.

"We expect the final Budget, to be released after the elections, to provide more definitive indications of India's fiscal consolidation trajectory over the medium term," he said.

Source: The Hindu Business Line, Friday, February 02, 2024

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Comprehensive, yet focussed approach to boost rural economy

Budget 2024 reinforces the government's continued quest to transform the agri and rural sectors and shape a new paradigm of socio-economic progress. The focus on the rural economy is evident in the myriad schemes announced that seek to make inclusive growth a pillar of economic development. Apart from continuing with the allocations to all flagship schemes that have been effective, such as the PM Kisan Samman Nidhi, PM Fasal Bima Yojna and PM Krishi Sinchai Yojna, what stands out in the proposals related to the agri and allied sectors is that they are comprehensive yet focussed. This unique balance is the recipe for transformational impact at scale.

Let me pick up four areas to illustrate this: While India has long been acknowledged as the potential food factory for the world, such a goal can be realised only when focussed all-round efforts are made in categories where India has a comparative natural advantage, which can be converted into global competitive advantage. Seafood, together with inland aquaculture, is one such category with near-term non-linear growth opportunity, given India's long coastline and diverse water resources. Recognising this, the government proposes to step up the Pradhan Mantri Matsya Sampada Yojana to increase productivity and double exports while generating substantial number of additional jobs.

With nearly $20 billion annual import bill on vegetable oils, the one product that offers itself as a prime candidate for aiming 'atmanirbharta' is oil seeds. While focus in this regard was on oil palm in the first phase, this Budget rightfully expands the attention to a more diverse set of oilseeds, such as mustard, groundnut, sesame, soyabean, and sunflower to make the strategy more robust. The effort will cover research for high-yielding varieties, widespread adoption of modern farming techniques, market linkages, procurement, value addition, and crop insurance.

India is already the world's largest milk producer, but with relatively lower productivity of milch animals. That a comprehensive programme for supporting dairy farmers will be formulated, built on the success of the existing schemes such Rashtriya Gokul Mission, is another welcome step. Because, as dairying is spread across the largest number of farming families, this will have the widest possible impact on rural incomes.

Value addition to agri produce is the most sustainable method to boost farmers' incomes. While investments in processing was the primary pillar in the past, supported by Pradhan Mantri Kisan Sampada Yojana and Pradhan Mantri Formalisation of Micro Food Processing Enterprises Yojana, this Budget recognises the need for interventions along the value chain. Accordingly, attention widens to promoting private and public investment in post-harvest activities, including aggregation, modern storage, efficient supply chains, primary & secondary processing and marketing & branding.

Besides these direct interventions designed to empower the 'Annadata' (farmer), several other policy measures related to 'Garib' (poor), 'Mahilayen' (women) and 'Yuva' (youth), the highest priority segments called out in the Budget will serve the agri & allied sector well, because the farming families straddle all these sections of the society.

Source: The Hindu Business Line, Friday, February 02, 2024

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LOGISTICS

₹11-lakh cr outlay for 3 new Railway corridors

ON RIGHT TRACK. Projects will enable multi-modal connectivity, improve efficiency: FM

Indian Railways has proposed an investment of at least ₹11,00,000 crore across three upcoming freight and cargo corridors - the energy, mineral and cement corridor, the port connectivity corridor, and the high-traffic density corridors.The corridors will include 434 smaller projects and lead to an addition of over 40,000 kms over the next six to eight years.

Finance Minister, Nirmala Sitharaman said, “Projects have been identified under the PM Gati Shakti for enabling multi-modal connectivity. They will improve logistics efficiency and reduce cost.” According to her, the resultant decongestion of the high-traffic corridors will also help in improving operations of passenger trains. This in turn will result in safety and higher travel speed for passengers.

DFC connectivity

“Together with dedicated freight corridors, these three economic corridor programmes will accelerate our GDP growth and reduce logistic costs,” she said.According to Ashwini Vaishnaw, Railways Minister, the new corridors will help improve passenger services too by de-congesting the existing routes and also adding new lines. The detailed project report for some of the projects that include track expansion, line doubling, adding new capacities on select routes, among others are being prepared and some are “already at a Cabinet approval stage”.

“So what happens is there will be a host of smaller projects, some 434-odd, which have been scientifically selected to form these corridors that will improve freight movement.

These would take the load off the country’s road network and passenger train movements,” he said.

Of the two dedicated freight corridors, the Eastern Dedicated Freight Corridor is fully operational, while most part of the Western Dedicated Freight Corridor have been commissioned. The total cost of the Dedicated Freight Corridor, including Western Dedicated Freight Corridor (WDFC) routes and other supporting infrastructure like multi-modal parks, train sidings, among others is pegged at ₹1,24,000 crore.

The EDFC now covering 1337 km passes through States like Punjab, Haryana, Uttar Pradesh, Jharkhand and Bihar. On the western side, connection of the Dedicated Freight Corridor will cover 1,506 kms connecting States including Rajasthan, Gujarat, Maharashtra with Uttar Pradesh and Haryana. The WDFC and EDFC will connect with one another at Khurja in Uttar Pradesh.

A total of ₹2,55,000 crore has been proposed as the outlay for FY25, up 6 per cent over last year’s outlay. Of last year’s record outlay, Railways utilised 82 per cent of it towards capex till January.

Modernisation push

“We are on course to achieve full capex target for the fiscal,” the Minister said. “The target is to have 1000 crore passengers by 2030 and bring down waitlisting numbers to zero,” Vaishnaw added.

This apart, 40,000 normal rail bogies (older version or traditional coaches) will be “converted to Vande Bharat standards”.

“This will improve passenger comfort across different routes,” Prime Minister Narendra Modi said pointing out that modernisation of Railways was an important part of the Centre’s agenda. Minister Vaishnaw said, different coach variants – such as Vande Bharats, Vande Bharat sleeper coaches and Amrti Bharat (which operate on the push-pull technology) – will continue to be rolled out as scheduled.

The Interim Budget also stressed on the need for urban transformation by promoting Metro Rail and NaMo Bharat (the Regional Rapid Transit Systems) as the catalysts. The first NaMo Bharat train was inaugurated earlier in October 2023, and Prime Minister, Modi took a ride on the completed 17-km stretch from Sahibabad to Duhai Depot in Uttar Pradesh.

The full 82-km Delhi-Ghaziabad-Meerut corridor is scheduled to be functional by 2025.

Source: The Hindu Business Line, Friday, February 02, 2024

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