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: IMD predicts intense snowfall in Himalayan region; rainfall in THESE states – Check full forecast

Hailstorm activity is very likely at isolated places over Jammu division and Himachal Pradesh today and over Uttarakhand till February 20.

Starting today an intense spell of rainfall/snowfall activity is likely over the western Himalayan region & plains of Northwest India till February 21.

Hilly regions like Jammu-Kashmir, Ladakh, Gilgit, Baltistan, Muzaffarabad, Himachal Pradesh, and Uttarakhand will witness heavy snowfall and rainfall today and tomorrow.

The change in weather in the western Himalayan region is due to two western disturbances, one as a trough in middle tropospheric westerlies and another as a cyclonic circulation lies over north Pakistan & neighborhood in lower levels.

Hailstorm activity is very likely at isolated places over Jammu division and Himachal Pradesh today and over Uttarakhand till February 20.

Rainfall in several states

Scattered to fairly widespread light/moderate rainfall is very likely over Punjab, Haryana, Chandigarh, Delhi, and West Uttar Pradesh until Feb 21.

Isolated light/moderate rainfall over north Rajasthan, Madhya Pradesh, and West Uttar Pradesh is also predicted.

Scattered to fairly widespread light/moderate rainfall/snowfall with thunderstorms & lightning are likely over Northeast India from Feb 20 to 23.

Cloudy and misty conditions in Delhi today

The weather department has predicted rain or thundershowers in the national capital on Monday, generally cloudy skies, and moderate rain or drizzle on Tuesday and Wednesday.

The IMD has forecast partly cloudy and misty conditions in Delhi on Monday morning, with the minimum temperature likely to settle at 9 degrees Celsius and the maximum at 27 degrees Celsius.

On Sunday, Delhi recorded a maximum temperature of 26.5 degrees Celsius, two notches above the season's average, according to the India Meteorological Department (IMD).

Minimum temperature forecast

A gradual rise in minimum temperatures by 2-4℃ is very likely over East India during the next 3 days and no significant change after that. A rise in minimum temperatures by 3-4℃ is also likely over Northwest India during the next 2 days and no significant change after that. No significant change in minimum temperatures is likely over Central India during the next 5 days.

Source: Financial Express, Monday, February 19, 2024

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ENERGY

Crude oil prices down in thin trade as US gears up for Presidents' Day

Brent crude futures were down 58 cents, or 0.69%, at $82.89 a barrel. U.S. West Texas Intermediate crude was 35 cents, or 0.44%, lower at $78.84 at 0138 GMT.

Oil prices edged down on Monday morning as markets digested comments from U.S. Federal Reserve officials pointing to a more patient stance regarding potential interest rate cuts, in thin early trade on what is a public holiday in the United States. Brent crude futures were down 58 cents, or 0.69%, at $82.89 a barrel. U.S. West Texas Intermediate crude was 35 cents, or 0.44%, lower at $78.84 at 0138 GMT.

Markets are yet to see the direction of demand from China after that country returns from a week-long Lunar New Year holiday, while Presidents' Day in the United States is set to keep trade relatively muted. After a week of disappointing U.S. economic data – showing rising prices and falling retail sales and factory production – Federal Reserve policymakers on Friday signalled "patience" toward interest rate cuts. Higher rates keep up the cost of buying oil, providing for a bearish market trend.

Over the weekend, tension in the Middle East continued as Israeli raids put the Gaza Strip's second-largest hospital out of service, and Yemen's Iran-aligned Houthi fighters claimed responsibility for an attack on an India-bound oil tanker. The Organization of the Petroleum Exporting Countries (OPEC) would be able to cover "most levels of disruption", ANZ Research analysts said in a client note, as its spare capacity is at an eight-year high of 6.4 million barrels of oil per day.

"The market was also reminded of the uncertain outlook for demand, with the International Energy Agency warning that growth is expected to lose its steam in 2024," ANZ said. The agency forecasts a market surplus during the year. The United Nations Security Council is likely to vote on Tuesday on an Algerian push for the 15-member body to demand an immediate humanitarian ceasefire in the Israel-Hamas conflict, diplomats said, with the United States signalling it would veto.

In Europe, Russia on Sunday said it had full control of the Ukrainian town of Avdiivka in its biggest gain in nine months, days ahead of the two-year anniversary of its invasion. It was not immediately clear whether the death of Alexei Navalny, President Vladimir Putin's most high-profile opponent, in a Russian Arctic penal colony on Friday would trigger new sanctions on Moscow, the world's second-biggest oil exporter.

Source: Financial Express, Monday, February 19, 2024

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Punjab and Haryana farmers to get carbon credit for sustainable agri-practices

Carbon credits from farmers can be purchased by those industries, especially aviation, mining or manufacturers of fertiliser, who are not in a position to reduce their carbon footprints because of the very nature of their business.

In a first-of-its-kind initiative to incentivise farmers for adoption of environmentally sustainable agriculture practices, in India's rice and wheat growing states, farmers in Punjab and Haryana will be awarded carbon credits soon for adopting practices such as direct seeding and low tillage.

The carbon farming programme has been initiated by a private entity Grow Indigo (GIPL), a joint venture between domestic seed major Mahyco and US-based Indigo.According to Umang Agarwal, head, carbon, Grow Indigo, the audit of the programme has been completed under the carbon standard (Verra) protocol, which is a global voluntary greenhouse gas (GHG) reduction programme. On the basis of certification by Veera, the carbon credit will be awarded to farmers in the next couple of months.

"Our carbon program helps food companies procure low-emission crops. Farmers get the option to either earn through carbon credits or receive a premium for their produce,", Agarwal, told FE. GIPL will help farmers market their produce for better prices.

With over 300,000 hectares area currently enrolled under the programme, the company is aiming to expand to 1.5 million hectares over the next few years. The company will aggregate the credit and sell it to buyers while 75% of revenues earned from the credit flow back to farmers.Carbon credits from farmers can be purchased by those industries, especially aviation, mining or manufacturers of fertiliser, who are not in a position to reduce their carbon footprints because of the very nature of their business.

The farmer registered with the programme could earn one carbon credit annually per acre and currently the value of one carbon credit is $ 40 and is equivalent to a reduction of one tonne of Co2 emission. Farmers who adopt farming techniques – direct seeded rice, which improves water use efficiency and no tillage practice which conserves soil organic biomass, prior to planting of paddy and wheat register for the programme for getting carbon credit

Currently, the company has taken up four projects covering crops such as rice, wheat, maize, cotton and sugarcane and agro-forestry across 15 states including Punjab, Haryana, Uttar Pradesh, Bihar, Andhra Pradesh, Telangana and Maharashtra,Indian Agricultural Research Institute, is providing its expertise in remote sensing technology for satellite monitoring of paddy and wheat fields registered by farmers under the project for validating claims of their adoption of sustainable practices.

According to scientists, microbes in flooded rice fields produce methane, some of which is emitted into the atmosphere.

Recently the agriculture ministry has released framework for voluntary carbon market carbon aimed at bringing all the stakeholders together and its objective was to shift current practices and help mitigation efforts

Because of the intensive farming system adopted after the Green Revolution, soil fertility has dropped sharply. If paddy straw is not burnt and put back into the soil, the organic carbon content of the soil gets enhanced, thus improving fertility.

India is the world's second-biggest rice producer after China with an estimated production of 135.7 million tonne (mt) in 2023-24 crop year (July-June). India continues to be the world's biggest rice exporter with estimated exports of 22 MT in FY23.

Source: Financial Express, Monday, February 19, 2024

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Oil production dips in Apr-Jan

Domestic gas production improved by 5.2% to 30,353 mmscm (million standard cubic meter) in April to January from 28,843 mmscm a year ago.

India's domestic crude oil production for the April to January period of the current fiscal came in at 24.5 million metric tonne, registering a marginal decline of 0.4% compared with the first 10 months of last fiscal, data from the Petroleum Planning and Analysis Cell showed. The production also fell short of the target of 25.1 MMT for the Apr-Jan period.

Of this, output ONGC's output fell by 3% at 15.1 MMT from last year. The company had a target of 16.1 MMT production. Oil India, on the contrary, achieved its target 2.8 MMT production for the period.

ONGC's crude oil production fell owing to the shut down in Panna-Mukta offshore platforms for commissioning of new crude oil pipelines and the natural decline from its mature fields. However, the company expects a 5-6% rise in its crude output owing to additional production from the KG 98/2 basin. ONGC had earlier said it expects full-fledged production from the basin to come into effect in FY26.

Meanwhile, Indian oil refiners processed 217.3 million tonne of crude oil during the period, against 211.4 MMT in the same period last year. In January alone, Indian refiners cumulatively processed 22.6 MMT against 22.8 MMT in the corresponding period of last fiscal.

Domestic gas production improved by 5.2% to 30,353 mmscm (million standard cubic meter) in April to January from 28,843 mmscm a year ago.

India imported 194.2 MMT of crude oil worth $110.5 billion during this period, against 192.5 MMT valued at $136.2 billion in FY23, the data showed. The country's import bill for gas came in at $10.9 billion in Apr-Jan, down by 26% from $14.8 billion last year.

India's import dependency on crude oil in January increased to 88.2% from 87.1% in January 2023, the report said.

S&P Global Commodity Insights has projected the country's oil demand to grow by more than 200,000 barrels per day in 2024. Gasoil and gasoline will be the highest contributors to this growth, each having a share of 33% and 31.5%, respectively, the firm said in a note.

"Oil demand is holding up quite well and should continue rising supported by solid economic growth with more focus on industrial and construction activity along with upcoming general elections in the county in 2024," it said.

In January, India's demand for oil products grew by 8.2% on year to 398,000 barrels per day on the back of higher consumption of all products except fuel oil.

LPG and gasoline recorded the highest year-on-year growth as heating requirements increased during winter, while mobility picked up post year-end holidays, boosting LPG and gasoline consumption, respectively, S&P Global Commodity Insight said.

Source: Financial Express, Saturday, February 17, 2024

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Can India be a global refining hub?

Tightrope walk. India will have to balance its growing energy needs, growth ambitions and fiscal pressures

By aiming to become a global refinery hub, India can turns its disadvantage of inadequate oil and gas production into an advantage, with few countries planning greenfield refineries due to environmental concerns.

The country's refining capacity has increased from a modest 62 million tonne annually in 1998 to 254 MMTPA.

But, India imports 85 per cent of its crude oil supply. According to S&P Global Commodity Insights, India's oil products demand increased 398,000 barrels a day, or 8.2 per cent, year-on-year and 8,000 barrels a day month-on-month in January (2024) on the back of higher consumption of all products except fuel oil.

To make India a refinery hub, there is a need to secure long-term crude oil supply, given the domestic demand-supply mismatch. In fact, the target set by Prime Minister Narendra Modi to reduce import dependence by 2023, has long been missed.

Speaking at the 'Urja Sangam' conference in March 2015, Modi had urged all stakeholders to increase the domestic production of Oil and Gas to reduce import dependence from 77 per cent to 67 per cent by 2022, the 75th anniversary of Indian independence. He further said that import dependence should be brought down to 50 per cent by 2030.

On February 6, in his address at inauguration of India Energy Week 2024, Modi said “Additionally, we have solidified our position as one of the largest refiners globally, with our current refining capacity surpassing 254 MMTPA. By 2030, we aim to elevate India's refining capacity to 450 MMTPA.”

Why is the government keen on making India a refinery hub?
The likely reason is that western countries may not increase refining capacity due to climate pressure, so India can tap this opportunity to supply to them.

According to Ellen R. Wald, President of Transversal Consulting and author of *"Saudi, Inc."*, “China pursued this strategy and it worked well for them. They have many independent refineries that export refined products across Asia. India is in a good position because it can import Russian crude oil, refine it into products and sell those products to Western European consumers who cannot buy Russian refined products due to sanctions.”

Those in refinery business see it as a balance between import and export of crude oil and petroleum products. Though major global refiners are currently not spending much in new projects and older refineries having almost lived their lives, India can become a supplier to the world. “Basically, the balance of payment will be in our favour,” said an observer.

Demand growth
Premasish Das, Executive Director, Head of Oil Market Downstream Research - Asia, Middle East, Africa & CIS at S&P Global Commodity Insights, said “India is one of the major economies in the world where total oil demand is expected to grow through 2045. In our view, India’s refined products demand is expected to grow from 5.4 million barrels per day (MMb/d) in 2022 to about 8.1 MMb/d in 2045 (i.e., an increase of about 50 per cent), almost reaching the peak demand.

“In comparison, the demand growth in China and the world is likely to peak in this decade and is forecast to decline by about 18 per cent and 8 per cent respectively, by 2045 from their peak demand. So, it is imperative that India needs to add refining capacity to meet the domestic oil demand.”

However, as some of the products constituting the oil demand, such as LPG and ethane, are mostly imported, new refinery capacity additions should be lower than the demand growth, he said adding that “In our view, we expect that about 1.5 MMb/d of new capacity additions from 2022 to 2045 is required to meet the domestic and export requirements."

So how does India create a balance without disturbing its fiscal math, as clearly we are more dependent on fossil fuels than before?

Since greenfield refineries need long gestation period, will banks/FIs extend loans for them?

According to Das, "It is correct that India's import dependency for crude oil has been growing with the decline in domestic production and refinery capacity additions. It has increased from around 80 per cent in 2010 to around 90 per cent in 2022 and is expected to increase over the forecast period… It is important to note that India is one of the major exporters of refined products with a net export close to 1 MMb/d in 2022. In theory, if India reduces its product exports, the crude oil import dependency can be lower, but this is not a straightforward decision because of potential significant socio-economic impacts."

"As such, we expect the net exports of refined products will reduce over the forecast period owing to a decline in demand in the other parts of the world, particularly the matured economies, and difficulty in justifying new refining capacity additions in a world where demand is declining from the later part of this decade," he said.

Higher import dependency is definitely posing energy security challenges, however, some of that is driven by the domestic demand growth and is likely to be a "must-have", he added.

India's options

So what should India do?

Reviving domestic oil production, use of biofuels, and EV focus, while improving strategic relationships with the major oil producers, and developing strategic storage.

Das cautions, "If new refining capacity additions are focused on export markets, that may not help the situation and further challenge the net zero ambitions. If we look at Mainland China, the country has restricted refined product exports and is managing the refinery capacity additions to address the energy security concerns and net zero ambitions. The country has developed a large strategic and commercial crude oil inventory as well to address the geopolitical challenges."

But India cannot follow China's path, given its growth, jobs and fiscal pressures. The way out for India is to strike a balance between its diplomatic positioning and economic interests, while looking at all sources of energy generation. There has to be a consistent long-term strategy.

Source: The Hindu Business Line, Saturday, February 17, 2024

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AGRICULTURE

Nabard, TSIC taking agri-tech solutions closer to farmers

With a view to taking agri-tech innovations closer to farmers, the national bank for Agriculture and Rural Development (NABARD) has launched a pilot programme, organising technology exhibitions in districts.

To start with, the apex bank has organised three back-to-back One-District One-Exhibitions (ODOE) in Bhadradri Kothagudem, Mahabubnagar and Nizambad districts in Telangana on Febryary 15, 16 and 17.

The Nabard joined hands with Telangana State Innovation Cell (TSIC), an innovation promotion and advocacy organisation set up by the Telangana Government, to organise these exhibitions where 30 innovators showcased their grassroot innovations to 4,000 farmers. Apart from farmers and farm labourers, the exhibitions were attended by self-help groups, extension officers and farmer producer organisations.

Addressing challenges

“The market-ready and low-cost innovations are designed to address some basic challenges in areas like agriculture, irrigation, waste management, and dairy farming.

For one, Khaja Moinudin showcased a ‘Multi-Crop Threshing Machine’, a cost-effective solution mounted on an auto chassis that can separate seeds from husks. Velle Srinivas, another innovator, presented his product Kisan Remote, a remote irrigation management system which can improve energy efficiency.

Sasidhar showcased his instrument fertiliser injector which allows farmers to apply fertilisers easily.

“Farmers watched the demonstrations with much interest as they promise to solve some important problems that they face on the field,” a TSIC executive said.

“The ODOE programme is aimed creating a market for rural and grassroots innovations. The exhibitions facilitated one-to-one interaction between the innovators and stakeholders,” she said.

Suseela Chintala, Chief GM, NABARD (Telangana) said the programme demonstrated the potential of grassroots innovations and emphasised the importance of collaborative efforts in taking the innovations closer to farming community.

Source: The Hindu Business Line, Monday, February 19, 2024

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Russia turns to India to source bananas, APEDA chairman flags off consignment

India, the world's largest producer of banana, has swiftly moved to take advantage of the space created by Latin American country Ecquador in the Russian market as a Mumbai-based exporter has sent a consignment of 20 tonnes (1540 boxes) of bananas from India to Russia via sea route.

Novel methods

Flagging off the consignment on February 17, exported by Gurukrupa Corporation, Chairman of Agricultural and Processed Food Products Export Development Authority (APEDA) Abhishek Dev appealed other exporters to employ novel methods to ship products to new destinations and assured APEDA's full support to facilitate such endeavors.

Gurukrupa Corporation, the Mumbai-based exporter of fruits and vegetables, has been regularly exporting fresh fruits and vegetables to the EU and the Middle East markets.

Direct procurement

It procures bananas directly from farmers of Andhra Pradesh, the largest banana-producing State.

After harvesting, the bananas are brought to an APEDA-approved packhouse in Maharashtra where they are graded, sorted, packed, boxed and stuffed in containers.

In the case of current shipment, the container was transported to JNPT for further voyage to Novorossiysk port, Russia for the final destination to Moscow.

Sea protocol

The notable feature of this consignment is that APEDA has collaborated with the Central Institute of Sub-tropical Horticulture to develop sea protocol which has been employed for this shipment for maintaining the quality of fruit in transit, an official statement said. Dev said APEDA's financial assistance scheme is putting special emphasis on supporting women entrepreneurs.

Russia has shown keen interest in the procurement of tropical fruits, including bananas, from India. Russia turning to India to source banana reportedly was due to Ecuador (the biggest supplier) turning to the US for purchase of military hardware, which was earlier supposed to be procured from Russia.

Source: The Hindu Business Line, Monday, February 19, 2024

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Despite govt curbs, India continues to top in global rice exports

Cashing in. Thailand, Vietnam and Pakistan take advantage, but New Delhi likely to remove restrictions later this year

India continued to be the world's top rice exporter in 2023 despite banning shipments of white rice and imposing a 20 per cent duty on parboiled rice, according to the Thailand Rice Exporters Association (TREA). However, its share in the global market declined as shipments fell by 27 per cent.

Asian rice prices since India banned white rice exports

Countries	5% broken		25% broken		Parboiled	
	16-Feb	July 13	Feb 16	July 13	16-Feb	July 13
India	-	493-97	-	473-77	543-47	423-27
Thailand	615	534	586	512	626	534
Pakistan	619-623	518-22	564-568	473-77	637-641	538-42
Vietnam	638-642	513-517	612-616	493-97	-	-

*Price in $/tonne Source: Thai Rice Exporters Association

TREA president Chukiat Opaswong told media in Bangkok earlier this week that India exported 16.5 million tonnes (mt) of rice in 2023, continuing at the pole position. The shipments, including basmati, were against a record exports of 22.3 mt in 2022. Opaswong said Thailand, Vietnam and Pakistan filled up the void caused by India's curbs. Thailand emerged as the second-largest exporter, shipping out 8.8 mt, Vietnam third with a record 8.3 mt exports and Pakistan the fourth-biggest shipper.

export estimates cut

However, India is expected to be back in the global rice market later this year and ship out more, the TREA official said, adding that Vietnam and Thailand will compete for the second spot exporting about 7.5 mt, while Pakistan could maintain its shipments at 5 mt.

Thailand, Vietnam and Pakistan will continue to command over $600 a tonne for their rice as long as Indian curbs are in place, Opaswong said. Generally, barring Pakistan and Thailand's 25% broken white, rice prices are ruling over $600 a tonne.

On the other hand, El Nino, which set in June last year, could affect production if drought and dry periods extend in Thailand. Not just Thailand, the El Nino weather pattern, expected to turn neutral by June this year could impact paddy in India, Pakistan and Vietnam too.

Prices moving up

India's rice exports were curbed by the Centre banning shipments of white rice from July and imposing 20 per cent export duty on parboiled rice. It also fixed a minimum export price of $950 on basmati shipments.

India resorted to these measures as its kharif paddy was affected by a deficient south-west monsoon. The Ministry of Agriculture and Farmers Welfare has estimated kharif rice production 3.8 per cent lower at 106.31 mt against 110.51 mt in 2022. The decision was taken to curb rising food prices too.

Despite the supply curbs, Indian parboiled rice, the only variety available in the global market, is currently selling at $543-547 a tonne compared with Thailand's $626 and Pakistan's $637-641. The price includes the 20 per cent export duty.'

"The rice market is moving up and despite the Red Sea crisis, cargoes to West Asia, South-East Asia and Africa continue to go. Demand for parboiled rice is better than last year," said VR Vidya Sagar, Director, Bulk Logix.

Brown rice gains

In the domestic market, parboiled is available at ₹33,000-34,000 a tonne including handling charges, he said. "There is no problem with parboiled availability," he said.M Madan Prakash, President of the Agricultural Commodities Exporters Association, said Indian exporters were indulging in "cut-throat" competition and he is not looking to ship rice now. "There are some enquiries for brown rice but I have not responded," he said.Sagar said Vietnam is buying brown rice, priced around the level of parboiled for human consumption. Brown rice too attracts 20 per cent export duty.

Source: The Hindu Business Line, Saturday, February 17, 2024

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‘Our pulses demand to grow exponentially as the economy is set to reach $5 trillion’

As India imports over 3 million tonnes (mt) of pulses annually even as production has jumped substantially, the Government sees the gap between demand and supply continuing. This is even as there is a further jump in production since the requirement of protein-based food will be rising with the economic growth targetted to reach $5 trillion in next few years.

Addressing the second day of Pulses 24, a three-day global event organised by the Global Pulse Confederation (GPC) in cooperation with cooperative major Nafed in New Delhi, Director-General of Foreign Trade (DGFT) Santosh Kumar Sarangi said in 2016-17 India had produced only 17 million tonnes (mt) of pulses, but it has surged to 25-26 mt now.

But, despite this substantial growth in pulses production, India has not been able to meet the gap between demand and supply, he said. He said the Prime Minister has set an ambition of reaching $5 trillion economy in the next couple of years from current $3.7 trillion.

He said as and when India becomes the third largest economy, it will be a more prosperous country, an economy where people will have more purchasing power and this automatically means more demand for protein-based food.

“So in this context, India’s demand for wheat and wheat-products, plant-based protein, milk and dairy products, is going to exponentially increase,” Sarangi explained.

He also said that inspite of this growth in production, the rising purchasing power as well as the dietary habits of Indians, is making it imperative to meet the gap between demand and supply through higher imports.

Assurance to growers

“If you look at our pulses import, we have been importing in the range of 2.5 mt to 3 mt of pulses every year in the last couple of years. In the current year, we have already exceeded 3 mt of import. So this indicates that the pulses growing region in the world, whether it is African countries, Brazil Australia, Canada or Russia, all of them have a well defined destination in India as far as pulses are concerned,” he said.

Sarangi also highlighted MoUs with three African countries, assuring them of a certain off take even if there are import restrictions in India. Besides, the government has extended the free import policy regime till March 31, 2025.

Source: The Hindu Business Line, Saturday, February 17, 2024

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Karnataka's new agri scheme to make farming sustainable

Karnataka plans to consolidate various agri schemes to launch a new one to help farmers make agriculture sustainable and lucrative.

"Making agriculture sustainable and lucrative is our Government's top priority. Keeping this in mind and to encourage integrated agriculture, various schemes related to agricultural sector will be consolidated and a new scheme called Karnataka Raitha Samruddhi Yojane will be started from this year," said Chief Minister Siddaramiah in the State budget for 2024-25 on Friday.

The scheme aims to assist farmers in achieving stable incomes through diverse agricultural activities such as farming, animal husbandry, horticulture, and dairy farming.

It includes guidance on crop selection based on soil and market factors, soil testing, adoption of new practices and technologies, awareness of storage and value addition opportunities, and establishing market connections for better pricing.

Seed bank

Agriculture Development Authority, led by the Chief Minister, will oversee policy implementation for agriculture and allied sectors. It aims to improve coordination among Agriculture, Horticulture, Sericulture, Fisheries, Cooperation, and Animal Husbandry departments.

About 5,000 water bodies will be created over five years to promote sustainable agriculture in drought-affected and rain-fed areas of the State, Siddaramiah said.

"Krishi Bhagya Yojane which had become extremely popular during the earlier tenure of our Government has been reintroduced and grants of ₹200 crore were provided during 2023-24. This scheme will be continued during this year also," the CM said adding that a Community Seed Bank will be set up to preserve locally bred seeds, which are on the verge of extinction.

Further, to promote processing, value addition and export of agricultural and horticultural produce, food parks will be established near airports under public-private partnership.

Source: The Hindu Business Line, Saturday, February 17, 2024

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Centre releases ₹235 cr for farm boost in Karnataka under RKVY scheme

The Centre has released ₹235.14 crore to Karnataka as third instalment under the Rashtriya Krishi Vikas Yojana (RKVY) for financial year 2023-24, said Minister of State for Agriculture, Shobha Karandlaje on Thursday.

Also, the Centre has approved the procurement of bengal gram (chana) in the State at Minimum Support Price (MSP) of ₹5,440 a quintal for a maximum quantity of 1,39,740 tonnes for 2023-24 rabi season under the price support scheme, an agriculture ministry statement said.

The Centre has released ₹235.14 crore to Karnataka as the third instalment under the Rashtriya Krishi Vikas Yojana (RKVY) for the financial year 2023-24, said Karandlaje on Thursday. The State will use the amount to implement components of the RKVY scheme such as soil health and fertility, rain-fed area development, paramparagat krishi vikas yojana and submission on agriculture mechanisation (SMAM), per drop more crop, agroforestry and crop diversification programme.

infra improvement

The amount approved will be utilised for the improvement of infrastructure in the agriculture sector under the above components for the construction of godowns, water harvesting structures, the establishment of primary demonstration units, procurement of tractors, power tillers and drones, promotion of integrated farming, soil health fertility and setting up of custom hiring centres, etc.

Karandlaje said in Delhi on Thursday that the Department of Agriculture has allocated a total amount of ₹761.89 crore for the year 2023-24 under RKVY to Karnataka to implement all the above components in Karnataka for the welfare of the farmers.

In January, the Ministry gave an additional allocation of ₹178.65 crore to Karnataka under the RKVY scheme. The additional allocation is approved for the implementation of SMAM (₹120 crore), Soil Health Card (₹12 crore) and RKVY-DPR (₹46.65 crore). The initial allocation under the RKVY scheme was ₹583.24 crore, which has been increased to ₹761.89 crore for 2023-24.

To date, the Centre has released a total amount of ₹526.75 crore out of the total allocation of ₹761.89 crore and the remaining balance amount will be released after utilisation of the amount already released to the State, the statement said.

Source: The Hindu Business Line, Saturday, February 17, 2024

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Govt hikes FCI capital by 110% to Rs 21,000-cr; move to reduce borrowings, help contain food subsidy

According to a food ministry notification on Friday, the move would infuse additional equity capital to fund the foodgrains stocks held by FCI, which is entirely owned by the government.

The government has increased the authorised capital of the Food Corporation of India (FCI) by 110% to Rs 21,000 crore from Rs 10,000 crore. The move is in sync with the policy of minimising borrowings by the corporation, through which close to 70% of the food subsidy budget is routed.

While the food subsidy is essentially the difference between the economic costs of the National Food Security Act grains for the government and the issue (retail) prices to the beneficiary consumers, the loss-making operations are undertaken by FCI and other government agencies. These operations are funded out of Budget, but sometimes, delays in release of budgetary funds necessitate FCI to borrow from market/NSSF to continue the operations without any disruptions. The interest on these loans adds to the food subsidy expenditure.

However, in recent years, the FCI's debt has been almost fully paid off, and its fresh borrowings are limited, in a bid to curb the food subsidy expenditure. Open market sales of grains procured at MSP by the FCI also helps reduce its losses, and contain the food subsidy, although the practice is of keeping high buffers.According to a food ministry notification on Friday, the move would infuse additional equity capital to fund the foodgrains stocks held by FCI, which is entirely owned by the government. The additional capital infusion will reduce the borrowings of FCI, save interest cost and reduce food subsidy in consequence, according to an official note.

As per the revised estimates for 2023-24, out of the total allocation of Rs 2.11 trillion under the food subsidy expenses, Rs 1.39 trillion is routed through FCI.An official told FE that the move to raise authorized capital is likely to help the FCI reduce its borrowings from banks and other institutions, leading to a saving of around Rs 750 crore annually.In 2019, the government had increased the authorized capital of FCI in 2019 from Rs 3,500 crore to Rs 10,000 crore.

Officials said out of total borrowing of FCI at Rs 54,749 crore by the end of September, FY24, a major chunk includes Rs 36,700 crore worth of bonds which are payable during 2028-30 in parts.The corporation has been relatively comfortable in recent years with the cash position as the government promptly released food subsidy amounts, after the practice of taking National Small Saving Fund (NSSF) loans for subsidy financing was stopped in the FY22 Budget for the sake of fiscal transparency.

Under the sector 27 of the food corporations act, 1964, FCI could raise bonds to finance its activities provided that the amount borrowed does not exceed ten times the paid-up capital.Since the last two fiscal years, the MSPs of paddy and wheat witnessed an increase of 5-7% annually.

Correspondingly the FCI's economic cost for rice and wheat for 2023-24 is projected to increase Rs 39.18/kg and Rs 27.03/kg, from Rs 35.62/kg and Rs 24.67/kg respectively in 2021-22.Under the the Pradhan Mantri Garib Kalyana Anna Yojana (PMGKAY), 5 kg of rice or wheat are provided free of cost monthly to each of the 801 million beneficiaries. The government has extended PMGKAY for the next five which is likely to cost the exchequer close to Rs 12 trillion under the food subsidy budget.

The FCI in collaboration with state agencies procures around 70 – 80 million tonne (MT) of rice and wheat annually from the farmers while sits distributes about 56 MT of wheat and rice annually under PMGKAY through 530,000 fair price shops across the country. Currently, the scheme is being implemented across all 36 states and Union Territories.FCI was constituted to implement the government's food policy and its primary aim was to ensure minimum support price to farmers, maintain buffer stock of foodgrains and distribution of foodgrains under the National Food Security Act and other state-run welfare schemes.

Source: Financial Express, Saturday, February 17, 2024

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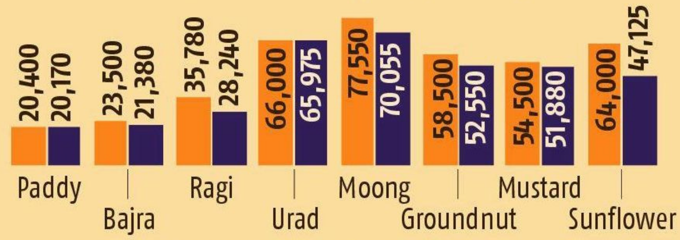
8 crops procured at MSP will need ₹6 trillion: CRISIL

8 crops procured at MSP will need ₹6 trillion: CRISIL

An analysis done by CRISIL Market Intelligence and Analytics of the 16 out of the 23 crops for which MSP is declared showed that prices of eight of them were below the MSP while the remaining was above the same.

The analysis was undertaken between July 2022 and June 2023 for kharif crops and Jan 2023 and December 2023 for rabi crops. The eight crops taken by CRISIL for the analysis represented over 90 per cent production of the field crops in the period. The analysis showed that if all the eight crops are procured at MSP, then it would require an upfront capital of ₹6trillion while if just the difference between the MSP and average market price is paid, then an expenditure of ₹21,000 crore would have to be spent. **SANJEEB MUKHERJEE**

Crops considered for calculating financial cost for govt MY 2022-23 — ■ MSP ■ Mandi price (₹/tonne)



MY: Marketing Year; The mandi prices are the weighted average prices with arrivals across 2,000 mandis in the country; Average prices considered for kharif crops like paddy, bajra, ragi, urad, moong, and groundnut are from July 2022–June 2023; Average prices considered for rabi crops like mustard and sunflower are from Jan 2023– Dec 2023 Source: CRISIL Market Intelligence and Analytics

Source: Business Standard, Saturday, February 17, 2024

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Oilmeal exports up 1% in January

An increase in the export of soyabean meal helped India register 1 per cent growth in total oilmeal exports during January. Data compiled by the Solvent Extractors' Association of India (SEA) showed that India exported 4.77 lakh tonnes (lt) of oilmeals in January 2024, against 4.72 lt in January 2023.

However, overall export of oilmeals was at 39.74 lt during April-January of 2023-24, against 32.88 lt in the corresponding period of 2022-23, registering 21 per cent growth.

BV Mehta, Executive Director of SEA, said India's price competitiveness and shortage in Argentine export supplies in recent months were behind the international demand for Indian soyabean. Crushing is expected to stay below potential in Argentina during the current quarter, limiting the export of Argentine soyabean meal, he said. Soyabean meal exports from India increased to 15.86 lt during April-January 2023-24, against 5.57 lt in the year-ago period. India exported 3.75 lt of soyabean meal in January 2024, against 1.10 lt in January 2023.

South-East Asia and the West Asian countries are the major consumers of Indian soyabean meal. India has a logistic advantage in these destinations, and it can supply in small lots, he said. Iran imported 2.56 lt of soyabean meal during April-January 2023-24, against 1,284 tonnes in April-January of 2022-23.

Rapemeal exports
However, export of rapeseed meal from India has reduced by 70 per cent during January. India exported 71,472 tonnes of rapeseed meal during January 2024 (2.38 lt in January 2023).

Mehta attributed the decline in export of rapeseed meal to the lean crushing season and high local prices. These factors made Indian rapeseed meal expensive for export, he said.

India exported 18.95 lt of rapeseed meal during the first 10 months of 2023-24 (19.07 lt a year ago).

Top importers
South Korea imported 7.66 lt of oilmeals from India during April-January 2023-24 (8.06 lt in April-January 2022-23).

India exported 3.78 lt of oilmeals to Vietnam during April-January 2023-24 (7.52 lt).

Source: The Hindu Business Line, Saturday, February 17, 2024

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As ethanol makers compete for maize, poultry industry seeks to import GM crop

With ethanol-makers competing strongly for maize supplies, the poultry industry has asked the Centre to allow import s of genetically modified maize and soyameal.

Citing the examples of wheat and paddy, whose productivity had gone up multifold after the Green Revolution which saw the introduction of high-yielding varieties, Suresh Chitturi, Managing Director of Srinivasa Farms and Co-Chair of CII's National Committee on Animal Husbandry and Dairy, said a similar intervention was required to increase the yields and productivity in maize.

Addressing a session on the challenges and opportunities for the poultry industry at the CII's three-day AgriTech South 2024 on Friday, he said the country has a huge potential in the poultry sector.

Steps to hike output

"The government should consider the import of GM maize to the extent that we require for ethanol production. We can also take measures to increase the maize production to, say, 40 million tonnes from the present level of 30 million tonnes. This will increase the availability of maize for poultry industry's feed needs," KG Anand, General Manager of Venkateshwara Hatcheries, has said.

In 2023-24, the country is utilising 0.8 million tonnes (mt) of maize for ethanol production. Forecasts suggest an increase to 3.4 mt in 2024-25 and 10 mt by 2027-28. Meanwhile, the poultry industry's maize demand, currently at 16 mt annually, is projected to rise by 1 mt each year.

Source: The Hindu Business Line, Saturday, February 17, 2024

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ECONOMY

India needs to open up much more for a successful FTA: UK

conditions apply. 'Deal can be clinched in less than 3 weeks if right offers are made'

India must be prepared to open its markets for goods and services much more for a successful conclusion of the India-UK Free Trade Agreement (FTA), sources in the UK government said.

"India's tariffs on goods are very high. The UK believes that India has to do much more in terms of bringing them down and opening its markets. The UK already is very open," a UK official said, not wanting to be quoted.

While the UK has recently shown huge interest in expediting the proposed FTA, possibly wanting it concluded before the elections in both countries, putting the ball in India's court could indicate the country's limited flexibility on key issues.

"The India-UK FTA can be sealed in as less as three weeks provided India opens up more. There are economic and political ambitions on both sides," the official added.

The UK has been pressing for deep duty cuts on items such as Scotch and automobiles, where import duties in India are as high as 150 per cent and 100 per cent (70 per cent for vehicles below $40,000), respectively. It also wants liberalisation of financial and legal services and strong IPR rules to give additional protection to pharmaceutical majors.

New Delhi, however, holds the view that the UK's tariffs on goods are low because of the attributes of the country's economy as it benefits from the low-duty imports. "The UK must be ready to give additional benefits to India in the FTA such as lowering tariffs for certain items such as textiles where duties are high, liberalisation of non-immigrant visas and a social security totalisation agreement," an Indian industry source said.

for a fair deal

Recently, Commerce Secretary Sunil Barthwal told the media that the country must safeguard its interests and make substantial gains in the FTA negotiations with the UK."India should commercially gain out of it (India-UK FTA) and we should also be able to safeguard the interest of our farmers, and (protect) goods covered under PLI (production linked incentive) scheme. So, we are there to see that the deal is a fair deal," Barthwal said.

However, the UK does not seem too comfortable offering big concessions to Indian workers, whether in terms of liberalisation of work visas or a social security agreement. A social security agreement could help Indian professionals working temporarily in the UK save up to millions of pounds every year in compulsory contributions for pension that they would not be able to enjoy as their work tenure would end much earlier.

The two countries are optimistic about bilateral trade in goods and services doubling to $100 billion by 2030 if the FTA is implemented soon.

Earlier this month, a UK trade delegation led by Douglas McNeill, chief economic advisor to UK PM Rishi Sunak, was in New Delhi, meeting top decision makers, including Finance Minister Nirmala Sitharaman, Commerce & Industry Minister Piyush Goyal and senior officials in the Prime Minister's Office, looking for possible breakthrough in sticky issues.

Source: The Hindu Business Line, Monday, February 19, 2024

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India needs to grow at 9-10 per cent for 3 decades to be $ 35 trillion economy by 2047: Kant
Kant said that India created the digital identity of 1.4 billion people and technologically the country has leapfrogged.

India needs to grow at an annual rate of 9-10 per cent for around three decades and constant innovations to become a USD 35 trillion economy by 2047, India's G-20 Sherpa and former NITI Aayog CEO Amitabh Kant said on Sunday.

"We are the fifth largest economy in the world and by 2027 we will surpass Japan and Germany to become the third largest economy in the world. And our aim is that by the time we turn 100 in 2047, India should be a USD 35 trillion economy," Kant said while addressing a session at Mumbai Tech Week (MTW) hosted by Tech Entrepreneurs Association Mumbai (TEAM).

Which means, India will become the second largest economy in the world, Kant stated.

"And to be a USD 35 trillion economy means that we need to grow year after year for close to three decades by 9-10 per cent annually and this means that we need to do a lot of disruptions and constant innovation," he noted.

Kant said that India created the digital identity of 1.4 billion people and technologically the country has leapfrogged.

With the liberation of policy by the government which supports start-ups, space and in many other areas, young entrepreneurs should focus on areas like artificial intelligence, logistics, health and education.

"What India is doing is innovating at population scale and we are at the beginning of a huge disruption because we are the youngest country in the world and our average age is 29. Even when we are 100 our average age will be 33 and we will provide 31 per cent of the skilled manpower to the rest of the world," he added.

Source: Financial Express, Sunday, February 18, 2024

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