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# Agricultural Production and Market Outlook

The Rising Agriculture....

## Hike in MSP for Kharif Crops for 2018-19 Season:

The Cabinet Committee on Economic Affairs chaired by Prime Minister Shri Narendra Modi has approved the increase in the Minimum Support Prices (MSPs) for all kharif crops for 2018-19 Season. Government claims that the decision of the CCEA is a historic one as it redeems the promise of the pre-determined principle of fixing the MSPs at a level of at least 150 percent of the cost of production announced by the Union Budget for 2018-19. The Commission for Agricultural Costs and Prices (CACP) has recommended MSPs for all kharif crops broadly in line with the announced principle. The Minimum Support Prices (MSPs) for all kharif crops of 2018-19 seasons have been increased as follows:

| Commodity      | Variety       | MSP for 2017-18 Season (Rs/qlts) | MSP approved for 2018-19 Season (Rs/qlts) | Increase           |                | Return* over cost (A2+FL) in % |
|----------------|---------------|----------------------------------|---|--------------------|----------------|--------------------------------|
|                |               |                                  |   | Absolute (Rs/qlts) | % over 2017-18 |                                |
| Paddy          | Common        | 1550                             | 1750                                      | 200                | 12.9           | 50.09                          |
|                | Grade A       | 1590                             | 1770                                      | 180                | 11.32          | 51.80                          |
| Jowar          | Hybrid        | 1700                             | 2430                                      | 730                | 42.94          | 50.09                          |
|                | Maldandi      | 1725                             | 2450                                      | 725                | 42.03          | 51.33                          |
| Bajra          | -             | 1425                             | 1950                                      | 525                | 36.84          | 96.97                          |
| Ragi           | -             | 1900                             | 2897                                      | 997                | 52.47          | 50.01                          |
| Maize          | -             | 1425                             | 1700                                      | 275                | 19.30          | 50.31                          |
| Arhar(Tur)     | -             | 5450                             | 5675                                      | 225                | 4.13           | 65.36                          |
| Moong          | -             | 5575                             | 6975                                      | 1400               | 25.11          | 50.00                          |
| Urad           | -             | 5400                             | 5600                                      | 200                | 03.70          | 62.89                          |
| Groundnut      | -             | 4450                             | 4890                                      | 440                | 09.89          | 50.00                          |
| Sunflower Seed | -             | 4100                             | 5388                                      | 1288               | 31.42          | 50.01                          |
| Soyabean       | -             | 3050                             | 3399                                      | 349                | 11.44          | 50.01                          |
| Sesamum        | -             | 5300                             | 6249                                      | 949                | 17.91          | 50.01                          |
| Nigerseed      | -             | 4050                             | 5877                                      | 1827               | 45.11          | 50.01                          |
| Cotton         | Medium Staple | 4020                             | 5150                                      | 1130               | 28.11          | 50.01                          |
|                | Long Staple   | 4320                             | 5450                                      | 1130               | 26.16          | 58.75                          |

\* Includes all paid out costs such as those incurred on account of hired human labour, bullock labour/machine labour, rent paid for leased in land, expenses incurred on use of material inputs like seeds, fertilizers, manures, irrigation charges, Depreciation on implements and farm miscellaneous expenses, and imputed value of family labour.

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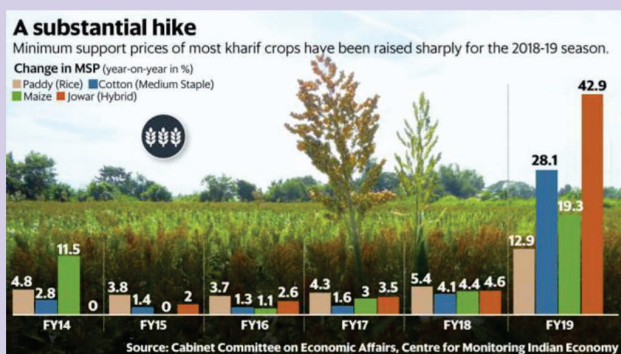
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The budget for 2018-19 had indicated that a paradigm shift in the agricultural policies is needed to achieve the objective of doubling farmers' income by 2022 through greater emphasis on generating higher incomes of farmers. The increase in the MSPs of Nigerseed at Rs.1827 per quintal, moong by Rs.1400 per quintal, sunflower seed by Rs.1288 per quintal and cotton by Rs.1 130 per quintal is unprecedented. Amongst cereals and nutri cereals, in terms of absolute increase, MSP of paddy (common) has been raised by Rs 200 per quintal, jowar (hybrid) by Rs 730 per quintal and ragi by Rs 997 per quintal. The highest percentage increase in MSP over the previous year is for ragi (52.47 %) followed by jowar hybrid (42.94%). For pulses, apart from Moong, MSP of arhar (tur) has been raised by Rs 225 per quintal yielding a return over cost by 65.36 per cent and urad by Rs 200 per quintal with a return over cost by 62.89 per cent in order to maintain inter-crop-price parity. Similarly, the MSP of Bajra has been raised by Rs.525 per quintal yielding a return of 96.97 per cent over cost.



Promoting cultivation of pulses can help India overcome nutrition insecurity, improve soil fertility by nitrogen fixation and provide income support to farmers. Thus, increased MSPs for pulses will give a price signal to farmers to increase acreage. Further enhanced MSPs would boost production of oilseeds and encourage investment in its productivity and help reduce India's import bill. Increase in MSPs of nutri-cereals will improve nutritional security and allow farmers to get higher prices.

Food Corporation of India (FCI) and other designated State Agencies would continue to provide price support to the farmers in the case of cereals including nutri-cereals. National Agricultural Cooperative Marketing Federation of India Limited (NAFED), FCI, Small Farmers Agri-Business Consortium (SFAC) and other designated Central Agencies would continue to undertake procurement of pulses and oilseeds. Cotton Corporation of India (CCI) will be the central nodal agency for undertaking price support operations for Cotton.

## Kharif crop sowing crosses 333.76 lakh hectares



The total sown area as on 6th July, 2018, as per reports received from States, stands at 333.76 lakh hectares as compared to 388.89 lakh hectares at this time last year. It is reported that rice has been sown/transplanted in 67.25 lakh ha, pulses in 33.60 lakh ha, coarse cereals in 57.35 lakh ha, oil seeds in 63.59 lakh ha, sugarcane in 50.44 lakh hectare and cotton in 54.60 lakh ha. The details of the area covered so far and that covered during this time last year are given below:

| Crop           | Area sown in 2018-19<br>(Lakh hectares) | Area sown in 2017-18<br>(Lakh hectares) |
|----------------|---|---|
| Rice           | 67.25                                   | 79.08                                   |
| Pulses         | 33.60                                   | 41.67                                   |
| Coarse Cereals | 57.35                                   | 66.27                                   |
| Oilseeds       | 63.59                                   | 73.45                                   |
| Sugarcane      | 50.44                                   | 49.64                                   |
| Jute & Mesta   | 6.93                                    | 6.96                                    |
| Cotton         | 54.60                                   | 71.82                                   |
| <b>Total</b>   | <b>333.76</b>                           | <b>388.89</b>                           |

## Delay in rains takes a toll on kharif sowing in Gujarat

The rain deficit has taken a toll on kharif sowing, as the Gujarat agriculture department has reported sowing on 863,707 hectares, roughly one-third of what was seen around same time last year. The South Gujarat region, including the districts of Bharuch, Narmada, Valsad, Tapi, Surat, Navsari and the Dangs, have received the maximum rain, 29 per cent of the normal for the region. The region is a heartland for horticulture crops and pulses and partly for cotton. The sowing in the region was reported at 74,200 hectares (2,88,100 hectares at the same time last year). For other regions of Saurashtra, Kutch and North Gujarat, rainfall has been scanty at merely 8 per cent, 1.2 per cent and 10.76 per cent, respectively, of their normal rainfall. Kharif sowing of two major crops — cotton and groundnut — is progressing at a snail's pace. While cotton has been sown on about 4,92,931 hectares, which is about 40 per cent of what was recorded in the same period last year, groundnut sowing has



reached only 1,49,030 hectares, 20 per cent of last year's level.

| Rainfall status as on July 8, 2018                          |                            |                               |                           |
|---|----------------------------|-------------------------------|---------------------------|
| Total rainfall in mm 138.61                                 | Average Rainfall in mm 831 | % of the average so far 16.68 | Talukas without rains 6   |
| Kharif Sowing status as on July 2, 2018                     |                            |                               |                           |
| Key crops   | Kharif 2017                | Kharif 2018                   | % coverage over last year |
| Paddy   | 29900                      | 20896                         | 70                        |
| Tur   | 73700                      | 29085                         | 40                        |
| Groundnut   | 746000                     | 149030                        | 20                        |
| Soybean   | 39800                      | 16058                         | 40                        |
| Cotton  | 1267500                    | 492931                        | 39                        |
| State total   | 2586800                    | 863707                        | 33                        |
| Sources: State Emergency Operation Centre: Govt. of Gujarat |                            |                               |                           |

In the event of a further delay in rains, farmers are likely to turn to shorter-duration crops such as pulses or spices such as turmeric. Considering the significance of kharif sowing, the coming week is crucial for farmers.

### Lesser sown area in Kharif 2018 in Rajasthan



The total sown area as on 5th July 2018, as per reports received from department of agriculture, govt. of Rajasthan, stands at 5517.6 thousand hectare as compared to 7775.9 thousand hectare at this time last year. The differences stand at 2250 thousand ha than what was sown this time last year. It is reported that rice has been sown/transplanted in 31.3 thousand ha, which was sown in 54 thousand ha, earlier this year. Pulses, Oilseed and Cotton are the few Kharif commodities which have seen marginal difference in the sowing for current year. Pulses covers 1031.7 thousand ha, with a difference of 489.4 thousand ha. Oilseeds witnessed a marginal difference of 170.5 thousand ha which dropped to 833.7 which earlier was sown in 1004.2 thousand ha. Other crop including coarse cereals, cotton and rice underwent difference of 966.7, 26.7 and 22.7 thousand ha respectively. The details of the area covered so far and that covered during this time last year are given below:

| Kharif Sowing status as on July 5, 2018 ('000 hac)            |                      |                      |            |
|---|----------------------|----------------------|------------|
| Crop  | Area sown in 2018-19 | Area sown in 2017-18 | Difference |
| Rice  | 31.3                 | 54                   | 22.7       |
| Pulses  | 1031.7               | 1521.1               | 489.4      |
| foodgrains  | 3515.2               | 4971.3               | 1456.1     |
| Oilseeds  | 833.7                | 1004.2               | 170.5      |
| Sugarcane   | 2.3                  | 4.9                  | 2.6        |
| Guar  | 542.8                | 1084.5               | 541.7      |
| Cotton  | 452                  | 478.7                | 26.7       |
| other   | 171.7                | 232.3                | 60.6       |
| Total   | 5517.7               | 7775.9               | 2258.2     |
| Sources: Department of agriculture Govt. of Rajasthan, Jaipur |                      |                      |            |

### Government to pursue States to move to zero-budget natural farming



In yet another effort to double farmers' income by 2022, the government will now pursue states to move on to zero budget natural farming that aims to bring down the cost of farming, thereby significantly enhancing the profit margins for farmers. Under zero-budget natural farming, a set of natural farming methods are used where the cost of growing and harvesting crops is almost zero. This means farmers need not purchase fertilisers and pesticides in order to ensure healthy growth of crops. The inputs used for seed treatment and other inoculations are locally available in form of cow dung and cow urine. This lowers the cost of inputs for farmers. Besides, it also protects soil from degradation, helps in retaining soil fertility and is climate change resilient. According to NITI Aayog vice chairman Rajiv Kumar, most states have agreed to adopt zero-budget natural farming (ZBNF) under two existing schemes: the Paramparagat Krishi Yojana and the Rashtriya Krishi Vikas Yojana. "These pilots will then be validated by ICAR (Indian Council of Agricultural Research), following which states will be allowed to move entirely to ZBNF," he said, adding, "Niti's role is to identify best practices, validate them and transfer them back to states for adoption." Transition to this



method is now required if we want to move “from Green Revolution to Evergreen Revolution”, Niti Aayog member (agriculture) Ramesh Chand said. States like Karnataka, Andhra Pradesh and Himachal Pradesh have already initiated zero-budget natural farming by involving more than five lakh farmers.

### Fastest growth in output value of livestock products between 2011-2016: CSO

Milk farmers in several parts of the country are up in arms against falling prices of their produce due to a bumper output. According to the latest state-wise and item-wise estimates of value of output from agriculture and allied sectors (2011-12 to 2015-16) by the CSO, at constant prices (2011-12), together with fish, the value of output of the livestock sector grew by almost 56 per cent between 2011-12 and 2015-16. In comparison, the broader agriculture crops, which include cereals and horticulture, grew by less than 1 per cent during the same period.

While the data has a lag, it does show a trend in the production of major agriculture produce, including livestock and forest produce, at constant prices. In agriculture crops, the value of output of the fruits

and vegetable segment grew at a faster pace between 2011-12 and 2015-16 as compared to cereals, oilseeds, fibres and other crops. The share of fruits and vegetables in the overall value of agriculture crops has also risen from 23 per cent to 26 per cent between 2011-12 and 2015-16. The data also showed that India's total value of output for agriculture and allied activities, at constant prices, has risen from Rs 190.81 billion in 2011-12 to Rs 207.08 billion in 2015-16.

Currently, the country is saddled with almost 150,000 tonnes of SMP, which needs to be shipped out ahead of the flush season that starts from October or else prices might crash further. Though the government has announced a subsidy of 10 per cent to export SMP, farmers have said that this was grossly inadequate as international prices have virtually crashed.

Research Firm India Ratings said that recent policy measures of increasing import duty on whey and offering subsidy to milk farmers would provide a marginal relief to the dairy sector and the sector would continue to reel under the pressure of high SMP inventories and low prices, so long as the global market for SMP and casein does not revive.

### Value of output of agriculture and allied activities (at constant prices 2011-12) in Rs billion

| Sub-sector             | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|------------------------|---------|---------|---------|---------|---------|
| All agricultural crops | 11915   | 11986   | 12571   | 12280   | 12031   |
| Livestock products     | 4878    | 5081    | 5310    | 5620    | 5970    |
| Forest products        | 1487    | 1491    | 1577    | 1612    | 1639    |
| Fish products          | 801     | 839     | 899     | 966     | 1068    |
| Total                  | 19081   | 19397   | 20357   | 20479   | 20708   |

Source: CSO

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