Vol.3
Issue- 5
May 2017

Agricultural Production and Market Outlook

The Rising Agriculture….

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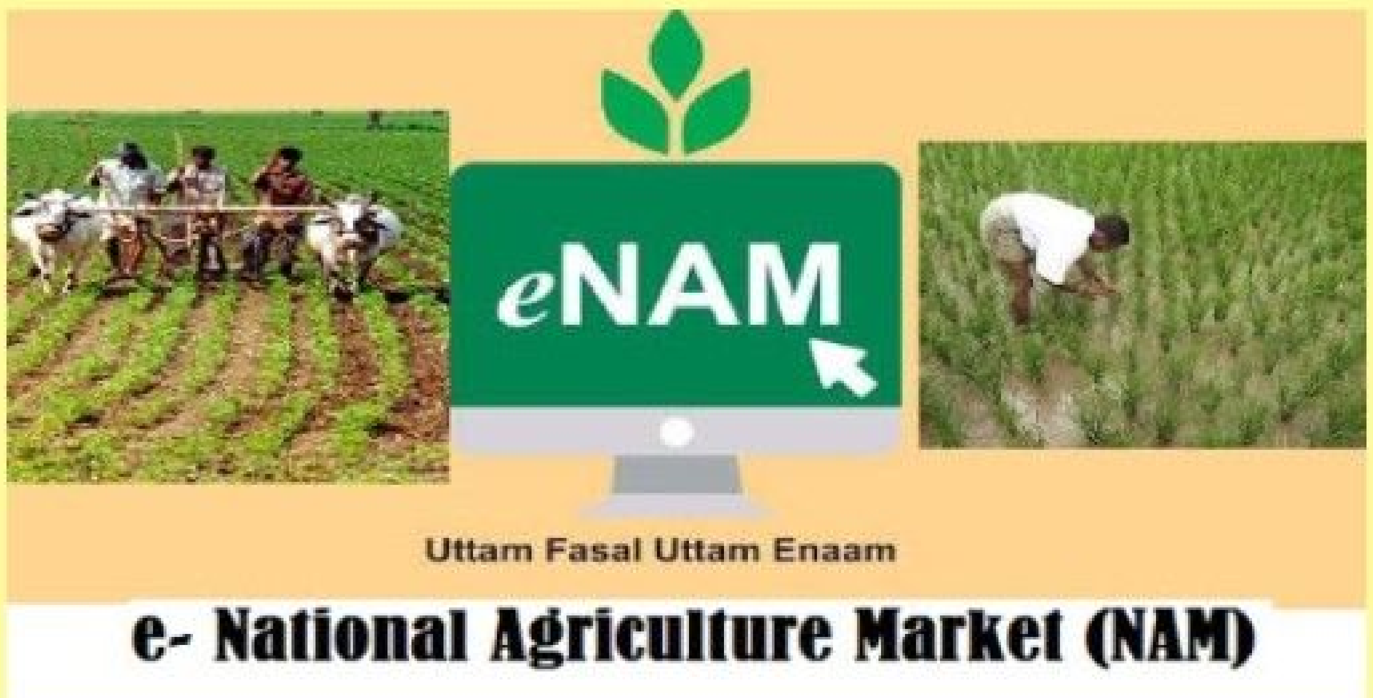
Govt Revives Import Duty on Pulses

With Kharif farm gate prices of pulses, especially tur or arhar and urad, falling below the minimum support price (MSP) in mandis across key producing states, the government has decided to impose an import duty on pulses which was abolished more than a decade back. To bridge the gap between demand and supply of pulses, the government had been pursuing a zero percent duty on imports since 2006. However, this year (2016-17), in anticipation of a bumper crop, the government has decided to restrict import in a bid to protect domestic farmers. The farm gate prices of pulses like arhar and urad has been around Rs 5,050 per quintal. This is for the first time that the government agencies have procured arhar and urad from the farmers because of the gap between demand and supply and the retail prices are usually much higher than the MSP. According to second advance estimate released recently by agriculture ministry, the pulse production during 2016-17 crop year (July-June) is expected to increase by more than 35% compared to previous year's output. Rabi or winter pulses such as channa have been sown in 15.97 million hectares, which is 11.15% more than last year (2015-16) and 8.14% more than last five year's average.

Sugar Import at Zero Duty on the Cards

India readies plan to import about one million tonnes of sugar after March 11 as the industry has cut production estimate for the second time in past 42 days amidst apprehension of a shortage and price rise in May and June when demand peaks. The government may allow import of sugar at zero duty for a quantity between 5 lakh tonnes and 10 lakh tonnes after the results of assembly polls are declared. At present, sugar import attracts 40 per cent customs duty. The government will allow duty-free import of only raw sugar so that mills having refining facilities and standalone refiners will be able to use their idle capacities, sources said. The duty on refined sugar may remain at 40 per cent.

e-National Agriculture Market



As per the approved e-NAM Scheme, 585 regulated mandis across the country are to be integrated with the portal by March, 2018. So far, 417 markets from 13 states have been integrated with e-National Agriculture Market (e-NAM) against the set target of 400 markets by March, 2017. State-wise number of mandis intergrated with e-NAM is given Table.

State-wise number of Mandis Integrated with e-NAM (as on 03.04.2017)

S. No.	State	Total number of mandis integrated with e-NAM
1.	Andhra Pradesh	22
2.	Chhattisgarh	14
3.	Gujarat	40
4.	Haryana	54
5.	Himachal Pradesh	17
6.	Jharkhand	19
7.	Madhya Pradesh	58
8.	Maharashtra	44
9.	Odisha	9
10.	Rajasthan	25
11.	Telangana	44
12.	Uttar Pradesh	66
13.	Uttarakhand	5
	Total	**417**

New GST Definition to Farm Agri Tax

India has incorporated a new definition of 'agriculturalist' in the goods and services tax law to enable select farm items to be brought under the tax net nationwide. While farmers won't have to register to pay the tax, registered buyers may need to collect the levy on a 'reverse charge' basis, similar to the purchase tax principle adopted in Punjab and Haryana. Most farm produce will likely be exempted from the new tax and some cash crops are expected to at tract the threshold rate. As per the latest definition, an agriculturalist is a person or a Hindu undivided family undertaking cultivation of land by own labour or labour of the family or by servants paid wages in cash or kind or by hired labour under personal supervision or supervision by any family member. The draft central and integrated GST laws, which were approved by the GST Council, have incorporated the new definition. The Bills are expected to be introduced in the budget session of Parliament.

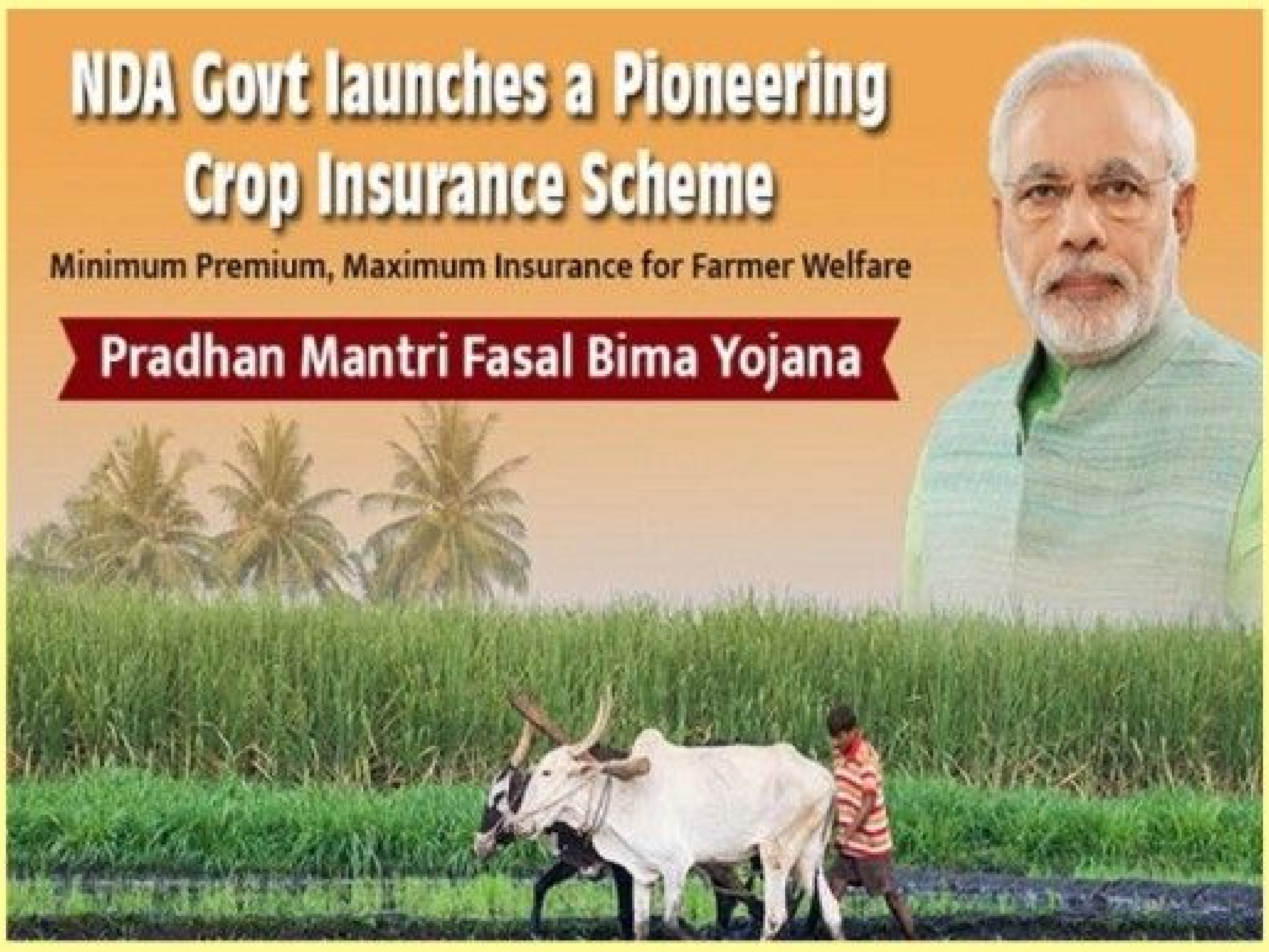
Infrastructure &Technological Improvement to Check Post-Harvest Losses

As per the study by ICAR – Central Institute of Post-Harvest Engineering and Technology (CIPHET), Ludhiana (Punjab), annual value of harvest and port-harvest losses of major agricultural produces at national level was of the order of Rs.92, 651 Crore based on production data of 2012-13 and wholesale prices of 2014.

The Ministry of Food Processing Industries is implementing various Central Sector Schemes for promotion and development of food processing sector in the country like (i) Scheme of Mega Food Parks; (ii) Scheme of Modern Abattoirs; (iii) Scheme for Integrated Cold Chain and Value Addition Infrastructure; (iv) Scheme for Creation/ Expansion of Food Processing and Preservation; (v) Scheme for Quality Assurance; and (vi) Scheme for Human Resource and Institutions. The detailed guidelines of these schemes, explaining the pattern of financial assistance, eligibility criteria, procedure for approval of projects, timelines and release of grant-in-aid etc. are available on the Ministry's website at www.mofpi.nic.in. The Farmers, Farmer Producer Organizations, Entrepreneurs, Cooperatives, Societies, Self Help Groups, Private Companies and State PSUs, etc. are eligible to avail financial assistance under these schemes for setting up food processing industries in the country.

30% of area sown under rabi crops gets PM insurance cover

More than 19 million hectares have come under the ambitious Pradhan Mantri Fasal Bima Yojana (PMFBY) during the current rabi season, covering around 30 per cent of the total sown area of 64.5 million hectares. According to preliminary estimates by insurance companies and state agencies till Friday, the total sum insured for the winter crops has jumped almost 50 per cent to Rs 68,230 crore, compared to the earlier season. Around 16.4 million farmers have been brought under the ambit of the Prime Minister's crop Insurance and weather-based crop insurance schemes as against 17.5 million farmers in the previous rabi season. "The number of farmers who have been covered under the PMFRY this rabi season is expected to move up sharply after details from centres come in and final numbers are compiled," a senior official said. He said together with the kharif season, around 53 million farmers have been covered under the PMFBY in the first two seasons of 2016-17. Till the last rabi season, the Centre used to run three different crop insurance schemes, namely National Agriculture Insurance Scheme (NAIS), modified National Agriculture Insurance Scheme (MNAIS), and Weather Based Crop Insurance Scheme From the 2016 kharif season, these schemes were discontinued, and the PMFBY was launched. The Weather Based Crop Insurance Scheme was also retained to give an option to the states. Finance Minister Arun Jaitley, in his 2017-18 Budget speech, had announced that the government planned to increase coverage under the scheme from 30 per cent of the cropped area In 2016-17 to 40 per cent in 2017-18 and to 50 per cent in 2018-19. He allocated a sum of Rs 9,000 crore for the scheme as against the budget estimate of Rs 5,500 in 2016-1 7. The revised allocation for 2016-17 was raised to Rs 13,240 crore to settle pending arrear claims.



India temporarily suspends import of agri-commodities from Vietnam

India has temporarily suspended the entry of coffee beans, bamboo, black pepper, cinnamon, cassia and dragon fruit from Vietnam with effect from March 7 due to "repeated interception of quarantine pests". The decision comes close on the heels of Vietnam announcing that it would suspend import of peanuts, cassia seed, cocoa beans, haricot beans and tamarind from India after 60 days, starting March 1. In a letter issued this week by the Agriculture Ministry to the Vietnamese Ministry of Agriculture and Rural Development, the Indian government said that "in view of the repeated interception of quarantine pests, the NPPO India is constrained to suspend the entry" of the commodities. NPPO, Vietnam has been requested not to issue phyto-sanitary certificates for these six commodities for export to India. While there is no direct connection between the two suspension orders, it is common for a country to become less tolerant towards its trading partner if its interests are continuously hurt. Vietnam had earlier suspended imports of peanuts from India in April 2015. The ban was lifted in January 2016 after a Vietnamese delegation visited India and inspected fumigation facilities, export procedures and export certification systems. According to Vietnam's statement on the recent ban on five products, the decision was taken following the discovery of live insects in about 3,000 tonnes of peanuts, 24 tonnes of cassia alata seeds bought from India last year and earlier this year.

Oilmeal exports double to 2.63 lakh tonne in February

Oilmeal exports jumped more than two- fold to 2.63 lakh tonnes during February on the back of sharp increase in soyameal shipments, according to industry data. The exports rose 18 percent in the first eleven months of this fiscal to 16.73 lakh tonnes as against 14.23 lakh tonnes in the corresponding period of the previous year, the Solvent Extractors' Association of India (SEA) said. "The export of oilmeals during February 2017 has more than doubled and reported at 2,63,509 tonnes compared to 1,22,527 tonnes in February 2016," SEA said in a statement. Soyameal exports rose sharply to 2.07 lakh tonnes during last month from nearly 30,000 tonnes in the same month last year, the data showed. During April-February period of this fiscal, the country exported 5.1 lakh tonnes of oilmeals, while Vietnam imported 2.961akh tonnes, France 2.08 lakh tonnes, Japan 1.57 lakh tonnes and Bangladesh 2.3 lakh tonnes. The export of soyameal was maximum at 8.09 lakh tonnes out of the total shipments so far during this financial year.

Book Post

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DOI : MAY- 29, 2017

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