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Agricultural Production and **Market Outlook**

The Rising Agriculture....

Central Government Finalizes option of 2 MSP models for States



The Central government has devised two potential mechanisms to ensure that farmers get the federally fixed minimum support prices (MSPs) for their crops, a key assurance made in the latest Union Budget, and will give state governments the option of choosing either. The first is the so-called 'Market Assurance Scheme', under which states will directly buy 20 major crops out of 25 for which MSPs are fixed by the Centre. The scheme leaves out wheat, rice, jute, cotton and coconut because these are already procured by government agencies at MSPs. The second is the so-called 'Price Deficiency Payment scheme', under which all farmers who register for the programme will get paid the difference between the MSP and the prevalent. A third proposal to allow private participation in procurement is not being considered at this stage. Ahead of a general election next year, the government faces the task of ensuring profitable farming, amid falling commodity prices and protects by farmers. Nearly two thirds of India's population and about 56.6 % of the labour force depends on agriculture and allied activities. Under the market assurance scheme, the Centre will fully reimburse a loss of up to 35 % of procurement cost to the states. A loss of 35-40 % will be shared by the centre and states on a 50:50 basis. Beyond 40 %, States will have to bear their own losses because this means the state has been inefficient in procuring and

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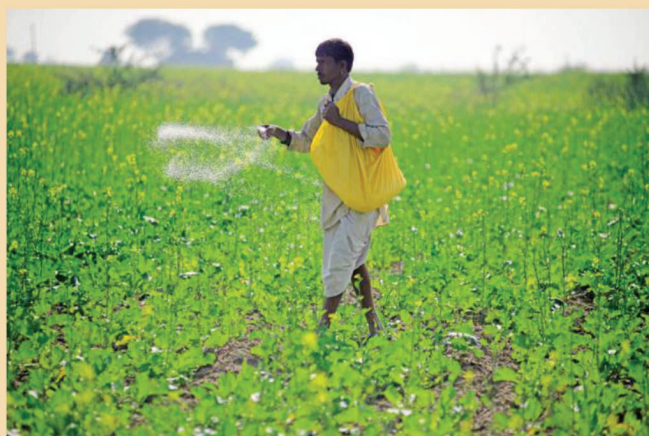
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handling the procured produce. Although there is no cap on how much quantity can be procured, the government's policy think tank NITI Aayog expects the maximum quantity of each crop available for procurement not to exceed 40 % of the marketable surplus. The second scheme is a generic version of the MP government's 'Bhavantar Scheme'. Under this, if the market price of a farm commodity dips below the "Model" price – a kind of an average price- then the farmers will be paid the difference between the MSP and the actual price. If any state chooses the second scheme, the centre will reimburse it up to only 25 % of the MSP.

Urea Subsidy to continue till 2020



The Cabinet has approved continuation of the urea subsidy till 2020 at an estimated cost of Rs. 1,64,935 crore. The government also approved implementation of direct benefit transfer (DBT) for disbursement of fertilizer subsidy. Retail price of urea has not been changed from Rs 5,360/tonne or Rs 268/50-kg bag (excluding central/state tax and charges towards neem coating) since 2012. Prices vary from state to state and on an average farmers get urea at about Rs 300/bag. The Centre subsidizes the difference between the cost of delivered fertilizers at retail store (both cost of production and freight) and the MRP paid by farmers. The subsidy is paid to fertilizer manufacture / importer by the government. The continuation of the urea subsidy scheme will ensure that adequate quantity of the fertilizer is made available to farmers at statutory controlled price, the government said in a statement. The implementation of DBT in the fertilizer sector will reduce diversion and plug leakages.

Centers doubles guarantee for procurement of pulses, oilseeds at MSP

The Centre approved doubling of government guarantee, provided to lender banks, from Rs 9,500 crore to Rs 19,000 crore for procurement of pulses and oilseeds at minimum support price (MSP) by

NAFED, a farmer's cooperative. The move will help in protecting farmers from making distress sales of these produce during the peak arrival period. Procurements of pulses and oilseeds by NAFED will be done under the existing Price Support Scheme (PSS) which is implanted at the request of the state government concerned. The decision to double the government guarantee was approved by the Cabinet Committee on Economic Affairs (CCEA). It also approved the government guarantee up to Rs 45 crore to the Small Farmers Agri-Business Consortium (SFAC) for meeting its existing liability and settlement of existing claims. It comes just a day after release of the agriculture ministry's estimate of record production of foodgrain (277.49 million tones) with the output of pulses too touching new high of 23.95 million tones (MT) during 2017-18 crop year (July-June). The estimated production of pulse during current year is likely to be is higher than the years' average production by 5.10 MT.



Urea to be sold in 45-kg bags

Urea, the commonly used and highly subsidized fertilizer, will be sold in the market in a 45-kg bag instead of 50-kg from this month, a move aimed to cut its consumption and promote balanced use of fertilizers. A 45-kg urea bag will be sold at Rs 242 excluding taxes, a government notification said. The price is determined on the basis of government's fixed price of Rs 5,360 per tonne. The Centre bears the difference between the maximum retail price (MRP) and cost of production. A senior Fertilizer Ministry official said fertilizer companies will be allowed to sell the old stock of 50-kg bags for next two months. The purpose is to reduce urea

consumption and promote balanced use of fertilizers, farmers are using this product widely, he said. As per the notification, the sale of 45-kg bag is effective March 1, 2018. The government has also permitted dealers to sell urea in smaller quantities not exceeding 25 kg. Annual urea subsidy is around Rs 40,000 crore. The country is producing over 24 million tonnes of urea since last year and importing around 6 million tonnes to meet the domestic demand.

Gujarat Government eyes rubber cultivation to shore up farmers' income



The Gujarat government is learnt to be exploring options to encourage rubber cultivation in the State with the industry support for research and development of the crop that is currently concentrated in South and North-East India. The State, which has about 58 per cent of its land area under arid and semi-arid regions, is gearing itself up for natural rubber cultivation. "Gujarat is a land of opportunities. As we see large number of rubber consuming industry coming to the State, we would look to extend State support to encourage R&D in rubber cultivation in Gujarat. I urge the (consuming) companies to associate with the State Forest Department to take up research in natural rubber cultivation and come up with an integrated project for rubber production in the State", said Chief Minister Vijay Rupani. However, rubber cultivation in India has been traditionally confined to Kerala and Tamil Nadu. In recent years, rubber cultivation was also tried in the hinterlands of coastal Karnataka, Goa, Konkan, coastal Andhra Pradesh, Odisha and the North-Eastern States.

Oilmeal exports drop 47% in February

Exports of oilmeals during February 2018 have dropped 47% in comparison to February 2017 to 161,969 tonne, according to figures compiled by the Solvent Extractors' Association of India. The overall export of oilmeals during April 2017 to

February 2018 is provisionally reported at 2,677,536 tonne compared to 1,714,984 tonne during the same period of last year, which is a rise by 56%. On 17th November 2017, government raised the import duty on edible oils by 12.5% to 15% across the board and increased MEIS on soybean meal to 7% from 5%. These steps have made Indian oilmeal competitive in the world market and resulted in to large export of oilmeals during current year. Secondly, after two difficult years, export of oilmeals has revived in the current year, but still lower than earlier years, when India over 40-45 lakh tone of oilmeals annually. During April 17-February 18, oilmeal exported to Vietnam is reported at 564,091 tonne compared to 323,297 tonne. This consisted of 42,456 tonne of soybean meal, 84,788 tonne of rapeseed meal and 436,847 tonnes of de-oiled rice bran extraction. South Korea imported 756,946 tonne compared to 514,702 tonne, consisting 267,360 tonne of rapeseed meal, 459,414 tonne of castor meal and 30,172 tonne of soybean meal. Bangladesh imported 138,889 tonne compared to 230,588 tonne, comprising 26,037 tonne of rapeseed meal, 5,857 tonne of de-oiled rice bran extraction and 106,995 tonne of soybean meal. Thailand imported 167,681 tonne compared to 16,925 tonne, consisting 105,997 tonne of rapeseed meal, 13,502 tonnes of de-oiled rice bran extraction and 48,147 tonne of soybean meal. European countries were the major importers of Indian soybean meal. France imported 141,948 tonne of oilmeals compared to 208,489 tonne, consisting of 136,519 tonne of soybean meal and 5,429 tonne of castor meal. Rest of the European countries imported 341,145 tonne of oilmeals, mainly soybean meal.



Gujarat adopts 'transparent' agri-procurement through video, CCTV monitoring

In a first the agri-procurement mechanism in the country, the Gujarat government plans to make videography and CCTV monitoring mandatory for the procurement of agricultural produces through State agencies. According to top government sources, the State, which is currently procuring tur

and groundnut under the price support scheme at the support scheme at the minimum support price(MSP) level, will videograph the entire process at all the procurement centers and install CCTVs at all warehouses to keep a close vigil on the commodities. “this is going to be big booster for the farmers' confidence as it will ensure fair practices. After online registration and fund transfer through Aadhar-linked bank accounts, now videography of the procurement process will discourage illegal activities and unfair practices,” said Bhagvandas Patel, Director, Gujarat State Warehousing Corporation (GSWC).According to top government officials, initially, the videography will be done for the current procurement that is being done for 1 lakh tonnes of groundnut and 1.2 lakh tonnes of tur (pigeon pea) beginning first week of March. “ We will also conduct videography of the samples, to help in monitoring of right quality. Although we are being careful in current practices, we want to be extra careful. In immediate basis, CCTVs will be installed at the warehouses where the immediate unloading is taking place, and in due course other warehouse will also covered,” said a senior State government official. The State is preparing itself for a mammoth task of procuring record groundnut at about 9 lakh tonnes after witnessing record crop of 32 lakh tonnes in the kharif 2017-18.

NITI Aayog ropes in IBM to use AI in agriculture

The government's policy think-tank NITI Aayog



decided to partner with leading technology



company IBM to develop a crop yield prediction model using artificial intelligence (AI) to provide real time advisory to farmers in "aspirational districts". After signing a statement of intent with IBM, NITI Aayog CEO Amitabh Kant said bringing future technologies like AI into practical use will greatly benefit agriculture in the country by improving efficiency in resource-use, crop yields and promoting scientific farming. The first phase of the project will focus on developing a model for 10 backward districts -- branded as aspirational districts by NITI Aayog --across Assam, Bihar, Jharkhand, Madhya Pradesh, Maharashtra, Rajasthan and Uttar Pradesh. The scope of this project is to introduce and make available climate-aware cognitive farming techniques and identifying systems of crop monitoring, early warning on pest and disease outbreak based on advanced AI innovations and deployment of weather advisory, rich satellite and enhanced weather forecast information along with IT and mobile applications with a focus on improving the crop yield and cost savings through better farm management."

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