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Agricultural Production and Market Outlook

The Rising Agriculture….

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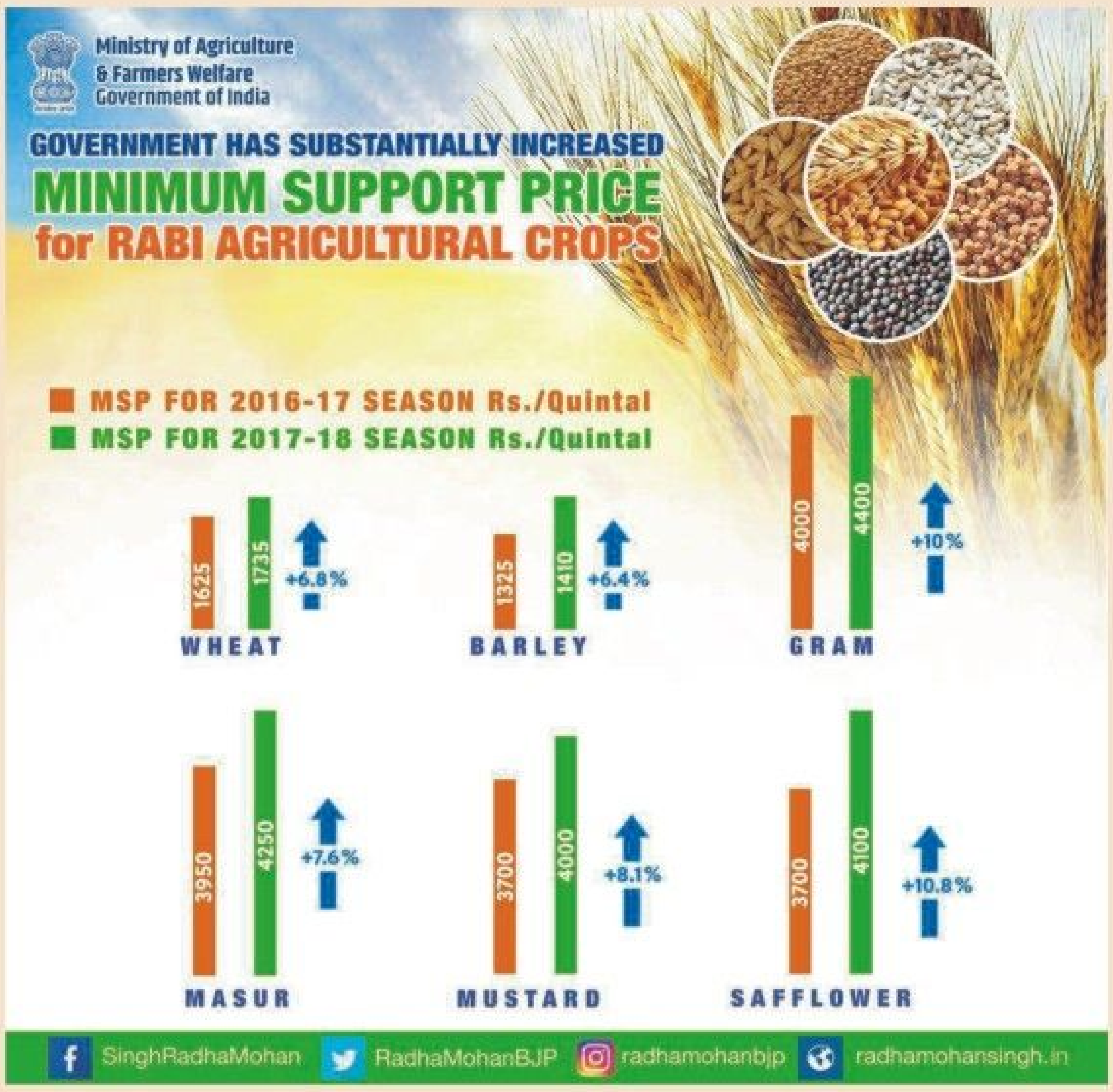
MSP of rabi crops raised to keep food price inflation contained



The Government of India has raised the minimum support price (MSP) for wheat, by Rs110 per quintal to Rs1,735 per quintal. The 6.8% hike over last year's MSP is the highest in six years for wheat and comes ahead of the rabi planting season in states like Punjab, Madhya Pradesh and Uttar Pradesh.

Alongside wheat, the MSP for gram or chickpeas, (a major winter pulse) was raised by 10% to Rs4,400 per quintal, while the support price for mustard (a winter oilseed) was raised by 8% from Rs3,700 to Rs4,000 per quintal. The increases come after months of protests by farmers across several states with demands for remunerative crop prices, and after the estimated production of summer (kharif) crops fell 2.8% year-on-year in 2017-18, following an uneven south-west monsoon.

Among other winter crops, the GoI raised the support price for lentils by 7.6% to Rs4,250 per quintal while the MSP for safflower was hiked by 11% to Rs4,100 per quintal. Sowing of winter crops begins in October and harvesting by next March.

The value of milk produced exceeded the total value of foodgrains

According to the Central Statistics Office's (CSO) detailed crop-wise estimates of the value of output from agriculture and allied sectors, the country's farmers produced milk worth Rs 4,95,841 crore in 2014-15.

For the first time, the value of milk produced exceeded the total value of food grains (cereals plus pulses), which stood at Rs 4,86,846 crore, and was way above paddy at Rs 2,26,481 crore or wheat at Rs 1,28,998 crore, according to latest figures released this month.

It wasn't like this even 15 years ago. In 1999-2000, the value of milk production, at Rs 88,092 crore, was not even two-thirds of cereals at Rs 1,34,096 crore, although it was more than that of paddy at Rs 70,416 crore and wheat at Rs 46,224 crore.

Today, not only does the White Revolution's contribution to farm incomes surpass that of the Green Revolution, but every fifth rupee generated in the farm sector-which includes the total output value of crops livestock produce and fisheries-comes from milk. The value of any crop is arrived at by multiplying its output with corresponding prices received by producers at the farmgate or the nearest primary market during the peak arrival period.

IN 15 YRS, BIG CHANGE IN VALUE OF OUTPUT

	2014-15	'99-2000
Milk	4,95,840.52	88,092.23
Fruits & Vegetables	4,51,902.9	86,334.96
Cereals	4,13,903.11	1,34,096.44
Meat	1,54,148.02	21,938.87
Fish	1,36,253.29	22,292.85
Oilseeds	1,26,752.66	28,625.44
Sugarcane & Gur	96,671.82	24,493.68
Spices & Condiments	73,256.49	15,446.86
Pulses	72,942.76	18,153.27
Cotton	70,713.63	11,752.06
TOTAL*	**24,62,459.31**	**5,34,589.2**

**Includes all crops, livestock produce and fisheries. All figures in Rs Crore*

The CSO data reveals the value of fruits and vegetables production, too, crossing that of cereals; this again happened for the first time in 2014-15. Between 1999-2000 and 2014-15, the value of horticultural produce has gone up more than five times. It has risen even more – by six times and seven times, respectively – for fish (nearly 60 per cent of which is now coming from inland, as opposed to marine waters) and meat (from poultry, goat and sheep, buffalo and cattle, and pig). Fifteen years ago, the individual output values of meat and fish were lower than that of sugarcane and gur. But that has since reversed.

All these trends are ultimately a reflection of dietary diversification. If farmers are producing more of milk, fruits and vegetables, egg, fish and meat, they are only responding to signals from consumers who are increasingly demanding food richer in proteins and nutrients. It is another matter that government policy is still stuck in the 20th century, not progressing much beyond cereals and calories.

APEDA seek 10-20 % of Agri output for Export

Agricultural and Processed Food Products Export Development Authority (APEDA) has urged the central government to allow 10-20 per cent of annual agricultural produce to be exported. APEDA-registered products have seen a sharp decline in export and a major reason given is frequent change in government policy, resulting in importers switching to alternative sources, for long-term supply assurance.

The country's agricultural and processed food export was $33.4 billion in 2016-17, from a record $42.9 bn in 2013-14. Rice, pulses, wheat and sugar have all seen frequent change in government policies; sometimes, export has been banned and at other times, duties have been raised or lowered. Depending on climatic conditions and output, the government keeps changing the agri-export policy, to suit domestic need. These changes have made India an irregular supplier of produce to global importers.

"These frequent changes in export policy and imposition of Minimum Export Price might have made India considered as not a reliable supplier. There is a need to have a stable export policy, in such a way that at least there is no impact on export of 10-20 per cent of production of an item in a season. The balance quantity would be available for the domestic market," said D K Singh, Chairman of APEDA, while issuing the draft of an 'Export Promotion Strategy'.

Experts say keeping this much for export would suffice, as shipments have never exceeded such a proportion. At 2.2 per cent, India is at ninth position in global agri trade. America has 10.4 per cent, the European Union 10 per cent and Brazil has 5.1 per cent. Yet, India is considered to have a huge potential for export, the quality of its agri products matching with global standards. Export of agri items contributes 13.1 per cent of agricultural gross domestic product. Therefore, it has a large impact on the economy. While India has transformed from a deficit to surplus country in a number of agri commodities, challenges for their transportation, marketing and efficient market access continue to hinder growth.

A sustained export market requires a reliable supplier. If we have an accurate agriculture forecasting technique and better estimate of a buffer stock, we can definitely make a medium-term policy for agri exports. Thus, we require a reliable policy, based on scientific estimate of crop production, buffer stock, future projection and domestic demand. If the future projection goes wrong, an option for import should be kept open. There is a need for concerted and well-conceived promotional strategy for the next five years.

Agricultural university scientists develop linen yarn for the first time in India

It's could be a landmark innovation, scientists at Indira Gandhi Krishi Vishvavidyalaya (IGKV) have developed yarn of linen cloth from flax plant - a first in India. So far, Indian linen fabric manufacturers have had to import yarn due to its unavailability in India.

Aiming to increase the yield of linseed, which is another name for flax seed, IGKV scientists carried research and used the stem of linseed plant to develop the linen yarn. The development of this yarn under the research project is expected to boost the handloom and textile sector in the country, which has so far been dependent on imported yarn for linen production.

CACP proposes Rs 20 per quintal hike in sugarcane FRP for next season

The Commission for Agricultural Costs and Prices (CACP) has recommended Rs 20 per quintal hike in the fair and remunerative price of sugarcane at Rs 275 per quintal for next season.

The fair and remunerative price (FRP), the minimum price sugar mills have to pay to farmers, has been fixed at Rs 255 per quintal for the 2017-18 season that starts from this month. For the next 2018-19 season, the CACP has proposed Rs 275 per quintal FRP for sugarcane factoring (in) cost of production, transportation and crop insurance premium and other expenses, the official told PTI.

A report in this regard was recently submitted to the food ministry by the CACP, a statutory body that advises the government on the pricing policy for major farm produce.

The FRP price is linked to a basic recovery rate of 9.5 per cent, subject to a premium of Rs 2.68 per quintal for every 0.1 per cent point increase in recovery rate. Usually, the government accepts the CACP recommendations. The proposed increase is also likely to result in states like Uttar Pradesh that do not follow the centrally-announced FRP raising their own advisory prices.

Major sugarcane producing states such as Uttar Pradesh, Punjab and Haryana fix their own sugarcane price called 'state advisory prices' (SAPs), which are usually higher than the Centre's FRP. The sugarcane output this year is estimated to be higher at 337.68 mt as against 306.73 mt in 2016-17 crop year on account of good rains, as per the first estimate released by the agriculture ministry.

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