



Government has announced Minimum Support Price (MSP) for all mandated Rabi crops for Rabi Marketing Season (RMS) 2022-23.

Vol.7
Issue- 9
September 2021

Agricultural Production and Market Outlook

The Rising Agriculture....

Ministry of Agriculture and Farmers welfare signs 5 MOUs with private companies

Modernisation of the Agriculture sector will continue by infusing new technologies so that farmers can increase their income. Ministry of Agriculture and Farmers welfares has MOUs were signed for pilot projects with CISCO, Ninjacart, Jio Platforms Limited, ITC Limited and NCDEX e-Markets Limited (NeML).



Based on these pilot projects farmers will be able to take informed decisions on what crop to grow, what variety of seed to use and what best practises to adopt to maximise the yield. The agriculture supply chain players can plan their

procurement and logistics on precise and timely information. Farmers can take informed decisions about whether to sell or store their produce and when and where and what price to sell. A Digital agriculture mission has been initiated for 2021 -2025 by government for projects based on new technologies like artificial intelligence, block chain, remote sensing and GIS technology, use of drones and robots etc. Any attempt to transform Agriculture sector needs to imbibe an ecosystem thinking and a digital ecosystem. The Agriculture value chain extends from crop selection to crop management and the market; it involves public and private players in agricultural inputs and services and also logistics. Establishing a digital ecosystem of agriculture needs to take a long-term view of aspects like interoperability, data governance, data quality, data standards, security and privacy, besides promoting innovation. A significant requirement is adoption of a decentralized, federated architecture that assures autonomy to the service providers and all other actors and ensures

Chairman
Prof. Shirish R. Kulkarni

Chief Editor
Dr. S. S. Kalamkar

Associate Editors
Dr. H. P. Trivedi
Dr. Kinjal Ahir

Managing Editor
Dr. Hemant Sharma

Subject Editors
Dr. S. R. Bhaiya
Dr. Vijay S. Jariwala
Shri Manish. C. Makwana

Circulation Incharge
Dr. Deep K. Patel

Publisher
Agro-Economic Research Centre
Sardar Patel University
Vallabh Vidyanagar 388120
Anand, Gujarat

Email : aerc@spuvvn.edu
director.aerc@gmail.com

Web : http://www.spuvvn.edu/academics/academic_centres/agro_economic_centre/

interoperability at the same time. Recognizing the importance of Digitization in Agriculture the Department is creating a federated Farmers Database and building different Services around this Database so as to built Digital Ecosystems of Agriculture. Federated farmers' database will be linked by the land records of farmers from across the country and unique Farmer ID will be created. Under this unified database for all farmers the information of all benefits and supports of various schemes of Central & State Government can be kept and this can be the source for accessing information for providing benefits to farmers in the future. So far, the database is ready with details of around 5.5 crore farmers.

Minimum Support Prices (MSP) for Rabi crops for marketing season 2022-23



The Cabinet Committee on Economic Affairs (CCEA) has approved the increase in the Minimum Support Prices (MSP)

for all mandated Rabi crops for Rabi Marketing Season (RMS) 2022-23. Government has increased the MSP of Rabi crops for RMS 2022-23, to ensure remunerative prices to the growers for their produce. The highest absolute increase in MSP over the previous year has been recommended for Lentil (Masur) and Rapeseeds & Mustard (Rs.400 per quintal each) followed by gram (Rs.130 per quintal). In case of safflower, there has been an increase of Rs.114 per quintal, in comparison to last year. The differential remuneration is aimed at encouraging crop diversification.

MSPs for all Rabi crops for marketing season 2022-23 (In Rs./quintal)

Crops	MSP for RMS 2021-22	MSP for RMS 2022-23	Cost* of production 2022-23	Increase in MSP (Absolute)	Return over cost (in per cent)
Wheat	1975	2015	1008	40	100
Barley	1600	1635	1019	35	60
Gram	5100	5230	3004	130	74
Lentil (Masur)	5100	5500	3079	400	79
Rapeseed & Mustard	4650	5050	2523	400	100
Safflower	5327	5441	3627	114	50

* Refers to comprehensive cost which 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 buildings, interest on working capital, diesel/electricity for operation of pump sets etc., miscellaneous expenses and imputed value of family labour.

The increase in MSP for Rabi Crops for RMS 2022-23 is

in line with the Union Budget 2018-19 announcement of fixing the MSPs at a level of at least 1.5 times of the all-India weighted average cost of production, aiming a reasonably fair remuneration for the farmers. The expected returns to farmers over their cost of production are estimated to be highest in case of wheat and rapeseed & mustard (100% each), followed by lentil (79%); gram (74%); barley (60%); safflower (50%). Concerted efforts were made over the last few years to realign the MSPs in favour of oilseeds, pulses and coarse cereals to encourage farmers shift to larger area under these crops and adopt best technologies and farm practices, to correct demand supply imbalance. Additionally, National Mission on Edible Oils-Oil Palm (NMEO-OP), Centrally Sponsored Scheme recently announced by the government, will help in increasing the domestic production of edible oils and reduce imports dependency. With the total outlay of Rs.11,040 crore, the scheme will not only aid in expanding area and productivity of the sector, but also benefit the farmers by increasing their income and generation of additional employment. The Umbrella Scheme "Pradhan Mantri Annadata Aay SanraksHan Abhiyan' (PM-AASHA) announced by the government in 2018 will aid in providing remunerative return to farmers for their produce. The Umbrella Scheme consists of three sub-schemes i.e. Price Support Scheme (PSS), Price Deficiency Payment Scheme (PDPS) and Private Procurement & Stockist Scheme (PPSS) on a pilot basis.

Centre reduces the standard rate of duty on Crude oil and refined oil



In order to ensure availability of edible oil to consumers at fair prices has further reduced the standard rate

of duty on Crude Palm Oil, Crude Soyabean oil and (i) Crude Sunflower Oil to 2.5% with effect from 11.09.2021 and (ii) the standard rate of duty on Refined Palm Oils, Refined Soyabean oil and Refined Sunflower Oil to 32.5% with effect from 11.09.2021. In the same notification the Agri-cess for Crude Palm Oil has been increased from 17.5% to 20%. It may be noted that the International prices and thereby domestic prices of edible oils have been ruling high during 2021-22 which is a cause of serious concern from inflation as well as consumer's point of view. Import duty on edible oils is one of the important factors that impacted landed cost of edible oils and thereby domestic prices.

In order to mitigate the rise in these prices, Government of India had taken series of steps between February 2021 and August 2021. Some of them included-

Rationalization of Import Duty

- 1) The Government has reduced the standard rate of duty on Crude Palm Oil to 10% from 30.06.2021 and will have effect upto 30th September, 2021.
- 2) The Government has amended the import policy of Refined Palm Oils from “restricted” to “free” with immediate effect and for a period of upto 31.12.2021.
Further, the refined Palm Oils is not permitted through any port in Kerala.
- 3) The Government has reduced the standard rate of Duty on Crude Soyabean Oil and Crude Sunflower Oil to 7.5% and Refined Soyabean Oil and Sunflower oil to 37.5% with effect from 20.08.2021. It has been done through the amendments in the notification of the Government of India, in the Ministry of Finance (Department of Revenue) No. 34/2021-Cutoms, dated 29th June, 2021
- 4) Facilitation at various port by Customs, FSSAI, PP&Q, DFPD and DoCA
- 5) To speed up clearances of consignments of imported edible oils delayed due to COVID-19, a Committee is in place comprising of Food Safety & Standards Authority of India (FSSAI), Plant Quarantine of the D/o Agriculture, Cooperation & Farmers Welfare, D/o Food and Public Distribution, D/o Consumer Affairs and Customs which reviews the consignments of imported edible oils on weekly basis and also appraises the Inter-Ministerial Committee on Agricultural Commodities chaired by Secretary (Food). The Standard Operating Procedure for faster clearance of consignments of imports of edible oils have been prepared. The average dwell time for clearances of consignments has come down to 3.4 days in case of edible oils.

As per the latest notification the previous and present Import duties is tabulated below:

Oil	Basic Duty	Agri-Cess	Total Duty (Basic Duty + Agri-Cess)	Effective Duty (Total Duty + 10% SW Cess)
Previous Duty Structure				
Crude Palm Oil	10%	17.5%	27.5%	30.25%
Crude Soyabean Oil	7.5%	20%	27.5%	30.25%
Crude Sunflower Oil	7.5%	20%	27.5%	30.25%
RBD Palmolein	37.5%	-	37.5%	41.25%
Refined Soyabean Oil	37.5%	-	37.5%	41.25%
Refined Sunflower Oil	37.5%	-	37.5%	41.25%
Present Duty Structure (W.e.f. 11.09.2021)				
Crude Palm Oil	2.5%	20%	22.5%	24.75%
Crude Soyabean Oil	2.5%	20%	22.5%	24.75%
Crude Sunflower Oil	2.5%	20%	22.5%	24.75%
RBD Palmolein	32.5%	-	32.5%	35.75%
Refined Soyabean Oil	32.5%	-	32.5%	35.75%
Refined Sunflower Oil	32.5%	-	32.5%	35.75%

The duty cuts already made amount to an estimated Rs.3500 crore in a full year. With the current/latest

reduced import duty worth Rs.1100 crore in full year, total direct value of benefits expected to be passed on to the consumers, in terms of duties given up by Government, is Rs 4600 crore .



Production of oil from Mustard Seeds increased from 91 LMT to 101 LMT this year

Due to a gap between demand and supply, around 60% of the edible oils consumed in the country are met through imports. In this accord, palm oil constitutes around 54% of the total edible oil imported mainly from Indonesia and Malaysia, while Soyabean oil constitutes around 25% and is imported from Argentina and Brazil and Sunflower oil constitutes 19% and is imported mainly from Ukraine. In medium term contract production of edible oils is being given very high priority which is reflected in highest production of Mustard seeds from 91 LMT to 101 LMT this year. In case of Palm Oil (crude and refined), the imported quantity for August 2021 was 7.43 LMT as against 5.65 LMT in July, 2021. The percent increase in August is 31.50% from the previous month which largely due to opening up of the economy. Details are tabulated below:

Import of Palm Oil(LMT)

Oil	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21
Crude Palm Oil	6.14	7.64	7.51	4.51	4.74	6.73	7.47	5.84	5.46	5.27
RBD Palmolein	0.15	0.06	0.02	0.061	0.026	0.004	0.0022	0.02	0.19	2.16
Total Palm Oil Imports	6.29	7.7	7.53	4.571	4.766	6.734	7.4722	5.86	5.65	7.43

Source-Directorate General of Commercial Intelligence and Statistics(DGCIS)

Taking year on year comparison for the month of August it can be seen that the total palm oil imports (crude and refined) for 2019, 2020 and 2021 was 8.81 LMT, 7.48 LMT and 7.43 LMT respectively which is still below the usual demand in the economy.

Import of Palm Oil(LMT)

Oil	Aug-19	Aug-20	Aug-21
Crude Palm Oil	5.78	7.48	5.27
RBD Palmolein	3.03	-*	2.16
Total Palm Oil Imports	8.81	7.48	7.43

Source-Directorate General of Commercial Intelligence and Statistics(DGCIS)

*RBD palmolein was in restricted list till 30th June 2021

A close watch is kept on day to day basis on Production, Imports and prices of Edible oils and so that appropriate measures can be taken to keep a check on the prices of edible oil. An Inter-Ministerial Committee on Agri-Commodities chaired by Secretary (Food) is also in place to closely monitor the prices and availability of agricultural commodities including edible oil keeping in view the interest of the farmer, industry and consumers. The committee reviews price situation on weekly basis,

Acknowledged the information used/taken from the public domain

consider relevant measures in relation to edible oils and other food items depending on the domestic production, demand, domestic and international prices and international trade volumes. Timely interventions by the Government have been made in the last year as and when needed so as to ensure that the prices remain stable and interest of consumers is protected within the limitations of international fluctuations.

Govt clears package of Rs 77.45 crore for revival of North Eastern Regional Agricultural Marketing Corporation Limited

The Cabinet Committee on Economic Affairs (CCEA) has approved a revival package of Rs.77.45 crore (Rs. 17 crore towards fund based support and Rs.60.45 crore towards non-fund based support) for revival of North Eastern Regional Agricultural Marketing Corporation Limited (NERAMAC), a central Public Section Enterprises under the administrative control of Ministry of Development of North Eastern Region (MDoNER).

Benefits: With the implementation of the revival package, remunerative price to the farmers of NE of their products will be ensured. Revival package will help NERAMAC to implement various innovative plans



namely providing better farming facilities, training to farmers in clusters, organic seeds and fertilizer, post harvesting facilities in order to promote the products of NE farmers in the world market through participation in events, registration of GI products etc. Revenue of the Corporation will increase and overheads will reduce as a

result of VRS and other cost cutting measures and the Corporation will start making profits on sustained basis and its dependency on GoI loan will cease.

Employment generation potential: After the implementation of revival of NERAMAC, employment will be generated both directly and indirectly in farming sector, projects and events management sector, logistics, sorting and grading and value addition, entrepreneurship and marketing. It is expected that employment will be generated for about 33,000 persons.

Targets: Revival package will help NERAMAC to implement various innovative plans namely providing better farming facilities, training to farmers in clusters, organic seeds and fertilizer, post harvesting facilities in order to promote the products of NE farmers in the world market through participation in events, registration of GI (Geographical Indications) products etc., promoting FPOs and other growers. Apart from this, focusing in bamboo plantation and bee-keeping, sales through e-commerce taking advantage of other Government of India schemes such as PM Kisan SAMPADA Yojana and Agriculture Infrastructure Fund under AatmaNirbhar Bharat, Krishi Udaan and Kisan Rail, tie-up with farmers and entrepreneurs who are involved in high value organic crops, starting retail outlets under franchise concept under its own brands like "NE Fresh" and "ONE" (Organic North East) and through NAFED, TRIFED etc. is also in the pipeline. Implementation of revival package will generate employment both directly and indirectly in farming sector, projects and events management sector, logistics, sorting & grading and value addition, entrepreneurship and marketing. GI tagging and marketing of Organic Products of NE in other parts of the country as well as outside the country, will enhance the export of these products which will improve the economic status of NE farmers.

Book Post

To,

From:

DOI : 22/09/2021

Agro-Economic Research Centre

For the states of Gujarat and Rajasthan

(Ministry of Agriculture & Farmers Welfare, Govt. of India)

H.M. Patel Institute of Rural Development,

Opp. Nanadalaya Temple, Post Box No. 24,

Sardar Patel University

Vallabh Vidyanagar 388120, Anand, Gujarat

Ph.No. +91-2692-230106, 230799, Fax- +91-2692-233106

E-mail : director.aerc@gmail.com

Website: www.aercspu.ac.in

Acknowledged the information used/taken from the public domain