

Govt Working on 'Good Agri Practice' Policy

Our Bureau

New Delhi: The government is working on a policy on 'Good Agriculture Practice' to benefit the country's agriculture sector, said Manoj Ahuja, Secretary, Ministry of Agriculture and Farmers Welfare.

"There is a concern at the international level on having a sustainable agriculture, good agriculture practices along with environment concern. This is an area where the government has not yet come out with a policy, but we want to come up with



a policy on 'Good Agriculture Practice. We would have a policy on this, and we would work together with

the industry on this," he added while speaking at a conference organised on 'Scope of Public-Private Partnerships in Agriculture' by industry body FICCI.

He added that micro irrigation is a priority area for the government.

"We will work out a model to provide easy financing along with providing subsidy so as to create a simple system for the farmers. We need to address these concerns," he said.

He also said that quality agri-inputs is also an area of concern for the government and steps are needed to further improve it.

RBI allows exporters to settle trade in rupee

Move to ease trade with Russia; limited impact seen on other countries

FE BUREAU
New Delhi/Mumbai, July 11

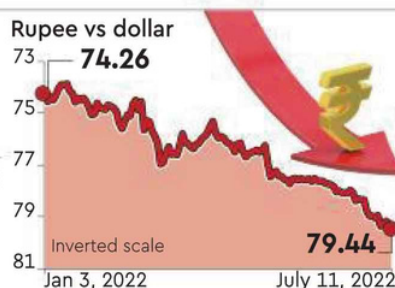
THE RESERVE BANK of India (RBI) has put in place a mechanism under which the final settlement of export and import payments by Indian traders can be made in rupee. Besides helping curb demand for foreign exchange and, thereby, support the Indian currency, the move will also facilitate unhindered trade with sanctions-hit Russia and trouble-torn Sri Lanka.

Last week, the RBI took a series of steps to ease forex

CURRENCY CALL

■ The move to help curb demand for forex and, thereby support the Indian currency

■ It will also facilitate unhindered trade with sanctions-hit Russia and trouble-torn Sri Lanka



■ Trade experts were, however, sceptical about interest in Indian rupee among major global buyers

■ Increased preference for dollar among global buyers of Indian goods and services

Rupee hits new low of 79.45 vs dollar

● ALSO SEE, PAGE 9

inflows in an effort to stem the rupee's fall.

"In order to promote growth

of global trade with emphasis on exports from India and to support the increasing interest of global trading community in INR, it has been decided to put in place an additional arrangement for invoicing, payment and settlement of exports/imports in INR," the RBI said in a circular on Monday.

Trade experts, however, were sceptical about the interest in Indian rupee among major global buyers of Indian goods and services, except Russian firms, given the increased preference for dollar among global traders.

Continued on Page 2

AT CONFERENCE OF CHIEF SECRETARIES, FOCUS ON 'LOW-SKILL MANUFACTURING PULLING LABOUR OUT OF LOWER-PRODUCTIVITY AGRICULTURE'

States Urged to Reform, Seize Export Space Being Vacated by China

Niti Aayog, J P Morgan and Credit Suisse focus on low-skill manufacturing shifting out of China

Anubhuti Vishnoi
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New Delhi: China figured prominently in the recent Chief secretaries' conference with at least three presentations focusing on how India must take advantage of the economic space being vacated by China, further accelerated by the geopolitical situation. ET has reliably gathered that the thrust was on initiating key state-level reforms to increase exports by grabbing the low skill manufacturing base China is exiting as wages rise there. "This is India's Moment. (India can be) potentially large beneficiary of China + 1 and 'friend shoring' as 'China (is) vacating low-skilled manufacturing export space'", a J P Morgan presentation at the meet on 'India's Growth Imperative and the Role of Exports' said. It listed out apparel, ceramics, footwear, leather, iron & steel, furniture and gems and pearls as areas which China is fast vacating. Vietnam, Indo-

nesia, Bangladesh, Spain, Italy and Germany are among the countries increasing their market share in these sectors as China exits them. It pointed out that demography is in India's favour as 'working age population to increase even as that of other economies (including China's) shrink'. J P Morgan made a strong case for a public capex push to boost near-term aggregate demand, increase private sector investment and utilization levels in areas that are labour intensive and thereby create blue-collar construction jobs that are needed post-pandemic. It cited the example of China and how its focus on 'low skill manufacturing pulled labour out of lower-productivity agriculture'. "India's endowment/opportunity lies in low skill manufacturing exports, where it is punching much below its weight. Service exports reveal competitive advantage but impact white collar workers; key is to create more blue-collar jobs", the financial service pro-

vider said. It also noted that the pandemic has made several "non-tradable services" tradable and India is in prime position to capture post-COVID digitization opportunity provided due policy reforms are undertaken. Global major Credit Suisse also pointed out that 'the next decade is likely to see a significant shift in production out of China' and it is 'India's game to lose'. Specifically talking of opportunities in the 'garments sector', Credit Suisse observed in its presentation to all state chief secretaries that while the initial shift away from China benefited Bangladesh and Vietnam, there is a lot more that needs to shift. "An additional \$50bn of apparel exports can shift out of China. India has the skills and upstream value chains. Some of the most populous regions with cheapest labour need hubs", it said in a presentation on the 'Role of States in India's Growth Acceleration'. "Creation of hubs that may be sim-

ple to start with, but within a generation innovate to global leadership (e.g., Japan in the 1950s)", it added. It mentioned internal as well as external export opportunities in goods and services and specifically mentioned Electronics, garments, consumer durables, specialty chemicals, automotive components (particularly EVs) as sectors that have strong potential going forward. Credit Suisse was emphatic that the next stage of reforms needs to occur at state level in Urban governance, Real-estate regulation, Agriculture, Power distribution, Land records modernization, Labour law simplification, Pollution control and so on.

China also figured prominently in the presentation made at the high level meet by the then CEO Niti Aayog Amitabh Kant. He noted that while at the eve of Independence, India was richer than China or Korea on a per-capita basis (PPP terms), today incomes in Korea are 5x that of India's and China's 2x of India's. High investment & infrastructure growth have driven phases of high growth in Japan, Korea, China and Singapore with China clocking an average real GDP growth of 10% between 1995-2010.



Godrej Agro's Q1 income zooms, but PBT down 19%

OUR BUREAU

Pune, July 31
Godrej Agrovet Ltd's (GAVL) total income increased to ₹2,517.5 crore during the first quarter of the current fiscal from ₹2,003.2 crore in the same period a year ago, a growth of 25.7 per cent year-on-year. The company reported an EBITDA of ₹169.3 crore compared with ₹180 crore year-ago period. Profit before tax was ₹102.8 crore during the quarter compared with ₹126.2 crore in the year-ago period.

GAVL is a diversified, research and development-focused agribusiness company, dedicated to improving productivity by innovating products and services that increase crop and livestock yields. BS Yadav, Managing Director, GAVL, said, "All of our businesses, with the exception of crop protection, registered a strong volume growth. We achieved year-on-year growth of 25.7 per cent to clock total income of ₹2,517.5 crore in the first quarter."

Challenging quarter
Yadav added: "However, it was a challenging quarter in terms of profitability as most of our businesses recorded marginal contrac-

tion owing to the combination of factors such as high-cost inventory, input cost inflation, deferment of sales and limited transmission. The decline in margin was witnessed in animal feeds, crop protection, and dairy businesses while vegetable oils and poultry segments reported growth in the operating margin."

Iffco gets 20-year patent for nano urea, nano DAP

Iffco Ltd said it has bagged a patent for its two new products—nano urea and nano DAP—developed using nanotechnology. Urea and di-ammonium phosphate (DAP) are the largely consumed fertilisers in India. Iffco has received the patent for their nano variants from the Indian government for a period of 20 years, it said. Iffco MD U.S. Awasthi said, "This intellectual property will strengthen Indian economy."

DCM Shriram Q1 profit up 61%

NEW DELHI: DCM Shriram Ltd on Tuesday reported a 61 per cent increase in its consolidated net profit at Rs 253.96 crore for the quarter ended June on higher income. Its net profit stood at Rs 157.87 crore in the year-ago period, according to a regulatory filing. Total income rose to Rs 2,999.90 crore in the first quarter of this fiscal year, from Rs 2,025.11 crore in the corresponding period of the previous year. Delhi-based DCM Shriram Ltd is into diversified business including manufacturing of chloro-vinyl chemical, sugar, fertilisers and bioseeds. On the quarterly performance, Ajay Shriram, Chairman & Senior Managing Director, and Vikram Shriram, Vice Chairman & Managing Director, said: "We are witnessing very high inflation levels across the globe after many decades."

Govt withdraws DBT scheme for pesticides

Started last year, it got poor response from apple growers

SUBHASH RAJTA
TRIBUNE NEWS SERVICE

SHIMLA, JULY 29

Like in the past, apple growers will again be able to purchase subsidised pesticides from the Horticulture Department outlets shortly. The state government has withdrawn the Direct Bank Transfer (DBT) scheme, which required apple growers to buy pesticides from market and then apply for reimbursement. It has issued orders restoring the old scheme.

“We have started the process to procure pesticides and sell it through Horticulture Department outlets. We have started collecting data about demand and have initiated the process to finalise rate/contract. Once it’s finalised, we will start procuring pesticides and sell these to the growers,” said Kirti Sinha, Senior Plant Protection Officer, Horticulture Department, here today.

MEAGRE SUBSIDY

- The two major reasons for the failure of the DBT scheme were the meagre subsidy amount it offered and the formalities the growers had to complete
- To get the subsidy, the growers had to buy scheduled pesticides from empanelled companies and then upload bills along with forms and revenue papers/ Udyan card on the e-Udyan portal

An apple grower said, “The restoration of subsidised pesticides was one of our demands in the 20-point charter submitted to the government. The decision to withdraw the DBT scheme will boost the morale of the fruit growers ahead of the planned protest in front of the Secretariat on August 5.”

The DBT scheme started last year received a poor response from the apple growers. The two major rea-

sons for its failure were the meagre subsidy amount it offered and the formalities the growers had to complete. A grower could claim a subsidy of Rs 4,000 per hectare for temperate fruits such as apple and pear, and Rs 2,000 per hectare for sub-tropical fruits such as mango and guava. To avail of the subsidy, the growers had to buy pesticides mentioned in the spray schedule of the Horticulture Department from empanelled companies and then upload bills along with forms and revenue papers/Udyan card on the e-Udyan portal.

As the scheme evoked a poor response from the growers, the Horticulture Department sent a proposal to the government to enhance the subsidy amount to make it useful. “The Finance Department raised several queries and objections to the proposal,” said a senior official.

GST rates on pre-packaged, pre-labelled products notified

Exemption on loose sale to continue

SHISHIR SINHA

New Delhi, July 14

Get ready to pay more not just for pre-packaged and labelled curd, lassi, flour, rice etc but also for cutleries. The Finance Ministry has notified GST rates for various goods sold as pre-packaged and pre-labelled beside others.

Tax officials have clarified that dairy and agri products sold loose or packed in front of the customers will continue to be exempted.

The notifications are based on the recommendations made by the GST Council in its meeting last month at Chandigarh. The council agreed to end exemption on various agri and dairy products as suggested by a Group of Ministers (GoM).

The council recommended revising the scope of exemption to exclude pre-packaged and pre-labelled retail pack in terms of the Legal Metrology Act. With this, the difference between branded and unbranded goods for many of dairy and agri products have been removed.

What the notification says

According to the notification, the “expression ‘pre-packaged and labelled’ means a ‘pre-packaged commodity’ as defined in clause (l) of section 2 of the Legal Metrology Act, 2009 where, the package in which the

commodity is pre-packed or a label securely affixed thereto is required to bear the declarations under the provisions of the act.”

Under the Legal Metrology Act, “pre-packaged commodity” means a commodity which without the purchaser being present is placed in a package of whatever nature, whether sealed or not, so that the product contained therein has a pre-determined quantity.

However, experts call for a clarification. Aditya Singhania, Founder at Singhania’s GST Consultancy & Co, says Rules of Legal Metrology Act require declaration on both retail (below 25 kg weight) and wholesale (above 25 kg weight) sale. Since, the press release talks only about retail sales, will packages above 25 kg too require a declaration? “In my view yes, as per the definition,” Singhania said while adding that the government need to clarify.

Hospital room

Another notification prescribes the mechanism to end exemption on non-ICU room in a hospital. Here, it has been said that GST is to be levied at the rate of 5 per cent on “services provided by a clinical establishment by way of providing room [other than intensive care unit/critical care unit/intensive cardiac care unit/neonatal ICU] having room charges exceeding ₹5,000 per day to a person receiving health care services.”

GST rates for pre-packaged and labelled goods

(in % – To be effective from July 18)

Goods	At present (For unbranded)	From July 18 (No distinction between branded and unbranded)
Curd, Lassi, Butter Milk	NIL	5
Chena or Paneer	NIL	5
Natural Honey	NIL	5
Jaggery of all types including Cane Jaggery (gur), Palmyra Jaggery; Khandsari Sugar	NIL	5
Muri (Puffed rice), Chira (flattened or beaten rice), Khoi (parched rice), Murki (parched paddy or rice coated with sugar or gur)	NIL	5
Wheat & Meslin, Rye, Barley, Oats, Maize, Rice, Wheat & Meslin Flour	NIL	5
Tender coconut water	NIL	12

GSP Crop Science plans ₹500 cr IPO to launch new products

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Agro-chemical firm GSP Crop Science Pvt Ltd aims to launch a ₹500 crore initial public offering (IPO) by next year, according to the company’s managing director, Bhavesh Shah.

The company, which needs funds for expansion of its business operation, plans to soon file a draft red herring prospectus with the Securities and Exchange Board of India (Sebi), he said.

Established in 1985, Ahmedabad-based GSP Crop Science manufactures technical grade ingredients and formulates insecticides, fungicides, herbi-



The firm intends to set up a production line in Gujarat. MINT

cides, intermediates, biopesticides, seed-treatment chemicals, and public health products. “We are in the beginning stage of an IPO. About ₹500 crore funds will be raised through the IPO,” Shah said in

an interview.

The company intends to use the funds raised to launch new products and set up a production line at Dahej in Gujarat, he said.

The company’s decision to opt for an IPO is mainly driven by an improvement in its financial performance in last few years and its expansion plans, said Tirth Shah, GSP Crop Science wholetime director.

The company’s revenue has risen year-on-year and was ₹1,350 crore in 2021-22 financial year, up from about ₹1,000 crore in the previous year, he said. The company expects a 15-20% increase in the annual revenue in the current fiscal, Shah said.

Pest attack on cotton crop for 2nd year

SUKHMEET BHASIN
TRIBUNE NEWS SERVICE

BATHINDA, JULY 13

The cotton crop is under pest attack for the second consecutive year. This year, whitefly attack has been reported in fields of the cotton belt. Last year, massive pink bollworm attack damaged cotton crop in the region.

Teams of the Agriculture Department are visiting affected fields and advising farmers for preventive measures to be taken to tackle the pest attack. Agriculture Minister Kuldeep Singh Dhaliwal, along with department officials, also visited cotton fields in the region on Tuesday.

Bathinda district Chief Agriculture Officer Dr Pakhar Singh said, "Whitefly attack has been reported in various places of the district. It is due to dryness and high temperature and where water is less or does not reach fields. If it rains now, then the pest would vanish."

BKU Ekta Ugrahan vice-president Jhanda Singh Jethuke said, "Strict action should be taken against companies, which have sold fake seed and fertilisers leading to whitefly and pink bollworm attack on the cotton crop."

He alleged that these companies were making huge profit by defrauding

farmers as the government never initiated any action against them last year after the pink bollworm attack on the crop. "When we were demanding compensation for the crop damage, the previous government registered cases against us," he said.

BKU Sidhupur leader Kaka Singh Kotra alleged that no action was initiated by the Agriculture Department at the onset of pink bollworm, which were found inside packet of cotton seed brought from Gujarat. "Now, when massive crop has been damaged by whitefly and farmers have started ploughing fields, the Agriculture

Department has started visiting the region and advising farmers to control the pest attack," he said.

"Last year, pink bollworm attack on cotton crop led to panic amongst farmers. Due to this, Punjab missed cotton sowing target set by the state government for the 2022-23 kharif season by 38 per cent. Against four lakh hectare under cotton, Punjab has reported only 2.47 lakh hectare area under the cash crop, which is lowest since 2010. Even poor availability of irrigation system in the region is also cited as the reason behind decline in the area under cotton this season," he added.

'Surat Model' of natural farming can become model for entire nation: PM

STATESMAN NEWS SERVICE
NEW DELHI, JULY 10

Prime Minister Narendra Modi today said the 'Surat Model' of natural farming can become a model for the entire country.

Addressing a Natural Farming Conclave in Gujarat's Surat via video conferencing, the Prime Minister said, "Success of Surat in connecting 75 farmers in every panchayat with natural farming is going to become an example for the entire country." The conclave witnessed the participation of thousands of farmers and all other stakeholders who have made adoption of natural farming



Gujarat governor Acharya Devvrat with State CM Bhupendra Patel and other dignitaries listens to Prime Minister Narendra Modi's virtual address at the Natural Farming Conclave, in Surat on Sunday. © ANI

in Surat a success story.

On the occasion, the Prime Minister said today's pro-

gramme is an indication of how Gujarat is leading the country's resolution of achieving

the goals of the *Amrit Kaal*. He highlighted the role of Sarpanches and congratulated the farmers for moving ahead in the direction of a natural way of farming.

The Prime Minister said, "In connection with 75 years of independence, the country has started working on many goals which will become the basis for major changes in the times to come. The basis of progress and speed of the country is the spirit of 'Sabka Prayas', which is leading this development journey of ours." That is why, he said Gram Panchayats have been given a key role in the welfare projects for the poor and the deprived.

Modi said local bodies

played a concerted role in selecting 75 farmers from every panchayat and hand-holded them with training and other resources.

"This has led to a situation where more than 40 thousand farmers in 550 panchayats have become involved in natural farming. This is a great beginning and is very encouraging. The Surat Model of natural farming can become a model for the entire country," he said. The Prime Minister remarked that when big projects are undertaken with the power of people's participation then their success is ensured by the people of the country themselves.

Modi gave the example of

the Jal Jeevan Mission where people were given a key role in the project.

"The extraordinary success of the Digital India Mission is also the country's answer to those who used to say that bringing change in the village is not easy. Our villages have shown that villages can not only bring change but can also lead the change," the Prime Minister said.

Modi expressed confidence that *Jan Andolan* (People's movement) regarding natural farming will also be a huge success in the coming days. Farmers who will get involved early with this movement will reap great benefit, he said.

Core manufacturing grows, but fiscal deficit widens

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BENGALURU: Growth in the eight infrastructure sectors of the economy touched a 13-month high in May on the back of robust performance by almost all key sectors, amplified by the low base of the previous year.

The sectors—coal, crude, natural gas, refinery products, fertilisers, cement, steel, and electricity—expanded by 18.1% in May compared to 9.3% in

April, data released by the ministry of commerce and industry showed on Thursday.

All sectors other than crude oil and natural gas posted double-digit growth. With the eight core industries holding a 40.27% weight in the Index of Industrial Production (IIP), the performance raised prospects of robust industrial growth.

Meanwhile, the Centre's fiscal deficit nearly tripled in May on the back of a sharp decline in the surplus transferred by the Reserve Bank of India (RBI)

to the Union government and an uptick in revenue expenditure. The fiscal deficit widened to 12.5% of the full year's budget estimates in the first two months of 2022-23.

The gap between the government's revenue and expenditure at ₹2.03 lakh crore during April and May is 65% higher than the corresponding period last year, data by the controller general of accounts released on Thursday showed. The deficit for May at ₹1.29 lakh crore is 190% higher than the same

month last year.

Economists pointed to risks to the fiscal deficit target of ₹16.6 lakh crore (6.4% of GDP) for FY23 that they said emanate from the revenue losses on account of excise duty cuts, lower-than-budgeted transfer of the RBI's surplus, and the need for additional spending on food, fertiliser and LPG subsidies. But they said higher-than-expected nominal GDP, albeit due to high inflation, may help.

The Union government con-

tained the fiscal deficit for 2021-22 to 6.7% of GDP, better than the 6.9% estimated in the budget, largely on the back of higher-than-expected revenue and nominal GDP growth.

Revenue receipts in the April-May period at ₹3.56 lakh crore are merely 2% higher than last year, largely on account of a 57.6% decline in non-tax revenue. The revenue receipts have touched 16.2% of the full year's target.

"We expect a large part of the higher-than-budgeted sub-

sidies and loss related to the excise duty cut to be absorbed by higher-than-estimated non-excise taxes, limiting the extent of the overshoot in the government's fiscal deficit in FY2023 to ₹1 trillion above the budget estimate, even if there are no expenditure savings. Moreover, a higher nominal GDP vis-à-vis the budget estimate is likely to contain the expected fiscal deficit at 6.5% of GDP, only slightly exceeding the budgeted 6.4% of GDP," said Aditi Nayar, chief economist, ICRA Ltd.

Sustaining farm export performance

Indian missions abroad have a vital role in linking farmers with potential markets. Commodity boards can help, too

V SHUNMUGAM/
NAVEEN PRATAP SINGH

Doubling farmers' incomes was the policy objective behind farm reforms. However, the policy ambition had to confront the 'Problem of Plenty'. Procurement at higher prices kept it attractive for many farmers to dispose of their produce to government agencies until a year ago.

Increased procurement ended up testing the mettle of the food storage system. Healthier procurement led to overflowing granaries and higher open storage that meant foodgrain wastage.

Augmented procurement led to higher storage of wheat (38 million tonnes) and paddy (21 mt) in end 2021. While some of these stocks get distributed through the public distribution mechanism, much of it has to be disposed of in the open market before it spoils.

MSP conundrum

What was kicked off as incentivising the farming economy through higher support prices to ensure food security eventually became a white elephant of the system draining the exchequer through mounting food subsidies. Thus, the higher support prices (higher than the market prices) continued to severely burden the exchequer besides stretching the storage capacity. However, the huge foodgrain stocks came in handy for supplying grain to the needy during the pandemic. FY21 also saw food subsidies peaking due to higher distribution to people hit by the pandemic. At the same time, global supply chain snarls allowed India to connect with other Asian nations looking for grain supplies.

Additionally, the supply shortages due to impaired weather/climatic conditions of a few Asian nations and the South American exporters augmented the demand for Indian grains. As the supply chain woes cleared up post the second wave, India's exports dwindled.

On the other hand, India's FY22 crude oil and natural gas imports moved north, pushed by global markets and a strong dollar. Grain prices also moved north after the Russian in-

vasion of Ukraine. Stubborn energy costs and the halt of Russian supplies increased fertiliser costs as much of it was imported.

With fertilisers' significant role in increasing crop productivity, it is time policymakers plan on sustainable exports of excess grains. The prices of fertilisers (with a high import content) have risen more sharply than those of wheat and rice, which implies that there should be no let-up in the effort to augment export of grain. In other words, higher exports will be needed to shore up the declining terms of trade of agriculture.

As nations dependent on Russia/Ukraine started looking for an alternative supplier of wheat, it was a blessing in disguise for India to enter new markets and consolidate grain exports in 2022. Wheat – the grain of temperate region – was the forte of Russia and Ukraine, which accounted for 28 per cent of global exports.

Flexible approach

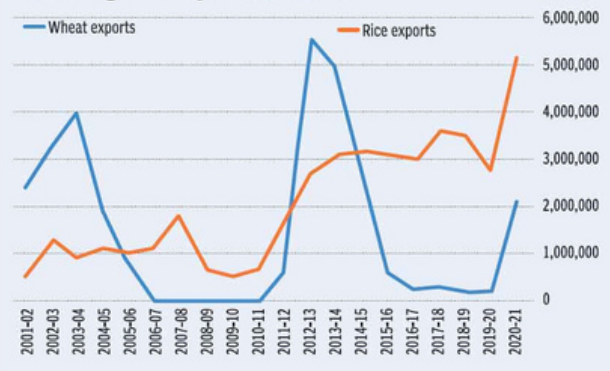
Firstly, given the WTO commitments on limited procurement at fixed prices, India needs to adopt a flexible policy tied to domestic wheat price levels to allow private-sector exports.

Indian grain exporters must work with the respective Indian missions to promote and sustain exports in potential markets. Personnel at Indian missions abroad using their network of connections at the policy level could help exporters to connect with importers besides appraising the Indian exporters of local markets, trade policy, etc.

Despite the potential, India's grains export performance has not been consistent in the last two decades as it has never been a vital part of trade policy. Our historical export performance indicates that to sustain India's agricultural exports, it's not mere government institutions or schemes that will help. Taking a cue from the experience of major farm goods exporters, growers must be organised under commodity boards/councils/committees empowering them to represent their interests.

Professionals funded by stakeholders should run such producer bodies.

Volatile grain exports of India



Their primary objective should be to ensure the economic well-being of their stakeholder growers through sustainable connectivity to markets – internal/external. They should also assist their stakeholders through appropriate negotiations on tariff/non-tariff barriers, export markets intelligence, and promotion.

Role for missions abroad

On the institutional front, all Indian missions located at the major agricultural export destinations should represent the Ministry of Agriculture/Animal husbandry and India's export interests appropriately. These missions must be asked to monitor issues in agricultural trade and collect critical market intelligence empowering Indian agricultural markets ecosystem stakeholders.

In addition, such a mission would remain a good connection for the Indian stakeholders at their destination and resolve trade issues cost-effectively. Further, Agriculture Ministry officials operating out of the diplomatic missions with the help of local employees can also collect market and competitive intelligence and share it periodically with our farmers.

Indian missions can also organise (reverse) trade missions to connect the local importers with the producer bod-

ies to appraise the market terrain and help Indian exporters participate in local food fairs in the potential export markets.

Global agricultural trade has always been fickle. Concerns over phytosanitary issues make export of unprocessed agricultural commodities more sensitive. Identifying target importing nations and developing policy-level interactions and relationships will be critical to sustaining India's exports.

More than that, the recent ban on wheat exports shows how volatile the situation is and underscores the need for planning.

How do we sustain our exports and safeguard our food security at the same time? Exports will help in reducing the procurement quantity, and hence the huge costs incurred in storing grains. They can reduce excess stocks, provided these become permissible under the WTO with respect to government-to-government transactions.

Sustainable and planned production will always create a surplus of foodgrains that can be exchanged with those in need and import those which can't be grown economically in India.

The writers are with the National Institute of Securities Markets. Views expressed are personal

Exports to take severe beating if recession hits US, Europe: Experts

Domestic demand may have to cushion the external impact

INDRANI DHASMANA
New Delhi, 29 July

Fears of a recession in advanced countries, amplified by the two consecutive quarters of GDP decline in the US, would affect exports from India but domestic demand would help its economy withstand the pressure.

Former chief statistician Prabhat Sen said: "If the developed world goes into a recession, it would certainly affect our exports. So, that would apply downward pressure on our economy." Bank of Baroda Chief Economist Madan Sabnavis concurred, saying the recession particularly in US shall affect exports from India and put pressure on the trade deficit, and hence the current account deficit (CAD). This is because the US is a major export destination for India, besides the EU.

According to ICRA Chief Economist Aditi Nayyar, US slowdown may affect both services

and merchandise exports. "However, lower commodity prices will cushion the impact on the CAD," she said.

The US is the largest export destination for India. Exports to the US have constituted 16-18 per cent of total exports from India in recent years. Even when the US showed a decline in GDP in the second quarter of 2022, exports from India to that country in the first two months of that quarter constituted a bit over 18 per cent of total outward shipments. The US is an export destination for India is slightly bigger than the EU, another region that may be hit by a recession or near-recession.

Sakshi Gupta, principal economist at HDFC Bank Treasury, said a slowdown in the US and some other major trading partners, such as the EU, is likely to weigh on India's export growth. "We expect GDP growth of 7 per cent (in the current financial year), down from 7.3 per cent earlier," she said. Sen said exports from India

KEY EXPORT DESTINATIONS



have been the main driver of the country's economy until now. Its domestic consumption growth has been "very ordinary at best", he said. "Investments also I believe will slow down, especially after the RBI's steps to control inflation. We should be looking at a slowdown."

However, others have different take on the issue. "India will not face any threat of recession even if the world economy slows down as our growth is based primarily on domestic demand. The latter can be affected by inflation and hence, we need to be guarded in linking a possible slowdown in global to

the factors leading to it," Sabnavis said. As central banks are tightening interest rates across the world, inflation shall recede, he noted.

Nayyar, too, said domestic demand, while patchy, may be able to withstand a global slowdown. "We do not foresee a recession in India. A global recession should soften commodity prices and transmit to lower inflation reading," she said.

Gupta said domestic fundamentals remain strong and are likely to support economic growth. A good monsoon, government capex spending, and an increase in consumer demand (in part led by the re-opening effect) are

likely to be positive for growth, she said.

Private final consumption expenditure, which denotes demand in the economy, rose 79 per cent in 2021-22 year-on-year. However, it was largely because of the low base of the previous year. It grew just 1.4 per cent in 2021-22 over the pre-Covid period of 2019-20.

But N R Bhanumurthy, vice-chancellor of Dr B R Ambedkar School of Economics University, said he did not believe that recessionary conditions in the US would last long. "The unemployment data and minutes of the FOMC (Federal Open Market Committee) meeting suggest that

a recession in the US, if there is any, will be short-lived," he said.

To that extent, the impact on India's exports and hence, economic growth is also going to be limited. He said one can still bet on India's GDP growth between 6.5 per cent and 7 per cent in the current financial year.

Sen said whether the developed world enter a recession or not depends on the behaviour of inflation. "Inflation there is way, way higher than the tolerance level. There have to have a fairly extended monetary tightening," he said.

When contacted, Chief Economic Advisor V Anantha Nageswaran referred to his interview, given two days back. In the interview with Business Today, he said the impact on India from a recession or near-recessionary conditions in the developed world would be a net effect of two factors – impact on exports from India and capital inflows after central banks in the advanced world ease, halt or reverse their monetary tightening. "... on balance I would argue it would be beneficial for India rather than hurt it," he had said.

In its recent update on its flagship publication World Economic

Outlook (WEO), the International Monetary Fund (IMF) slashed its earlier projections of global economic growth by 0.4 percentage points to 3.2 per cent for 2022 and by 0.7 percentage points to 2.9 per cent in 2023. This is a marked deceleration when compared to growth of 6.1 per cent in 2021, but not a recession, which was seen in 2020 when the global economy declined by 3.1 per cent.

However, it cautioned that there was a significant risk that some or all assumptions on the basis of which these projections were made would fail to hold true. "As such, measures of economic uncertainty and concerns regarding an oncoming recession have increased in recent months," it warned.

The US economy declined for the second-straight quarter from April to June. The country's GDP fell by 0.9 per cent in Q2 of 2022, against a fall of 1.6 per cent in Q1, leading to a contraction of 1.3 per cent in the first half of the year.

Though this means that the US is now in a recession technically, the official view of the country is that it is not because unemployment is low and consumer spending is relatively healthy.

Scientists stress on climate-resilient natural farming

B. RAVICHANDRAN | DC OOTY, JULY 24

Scientists have stressed on the need for climate-resilient natural farming methods for sustainable agriculture in the changing agro-climatic conditions across the globe. The ICAR-Indian Institute of Soil and Water Conservation Research Centre (IISWC) here, joining hands with the Centre for Natural Farming and Sustainable Agriculture at Annamalai University, organised a two-day national workshop-cum-stakeholders' meet on 'Climate-resilient natural farming for sustainable agriculture'.

Dr R.M. Kathiresan, vice-chancellor, Annamalai University, in his address, touched upon natural farming principles and ways to revive the ancient practices of Indian agriculture. He emphasised on soil and water conservation and also incorporation of animal components in the domain of agriculture for sound natural farming practices for increasing the farmers' income.

Dr M. Madhu, director, ICAR-IISWC, Dehradun, in his presidential address, stressed the need for natural farming prac-

tices for the improvement of soil health and for the conservation of natural resources. He also envisioned a national-level project on climate-resilient natural farming for improved natural resource management.

Dr K. Jayabalan, former deputy director general, Geological Survey of India, emphasised the need for site-specific and crop-specific natural farming practices for improving soil health and farmer's livelihood security.

Dr K. Kannan, head of the IISWC-Ooty, and IISWC scientists Dr P. Raja and Dr Sudheer Annepu also spoke. In the technical sessions, noted scientists including Prof. E. Somasundaram from TNAU, Coimbatore; Prof. R. Raman from Annamalai University, Chidambaram; Dr P. Kumaravadevelu, Head, ICAR-Krishi Vigyan Kendra, Coimbatore, discussed about emerging trends and challenges with more focus on crop diversification, soil health and fertility management in natural farming under changing climate conditions for the benefit of all stakeholders.

Black thrips in chilli: Half a dozen solutions ready for crop protection

Growers likely to increase area under crop after record prices this year

KV KURMANATH
Hyderabad, July 21

Chilli growers in Telangana and Andhra Pradesh will likely bring more area under the cultivation of the spices crop next season (October 2022-September 2023) despite a new pest, black thrips, wreaking their crop last season.

To help the growers, agricultural firms, Indian and foreign, have come up with at least half a dozen solutions for the protection of the crop. Farmers are eager to cultivate chilli in view of record prices witnessed this season, when over 75 per cent of the production has been affected by the pest attack.

Currently, chilli prices are nearly double of last year's rates. For example, the modal price (the rate at which most trades



them are ready with their new launches to tackle the pest problem.

Insecticides (India), a leading crop protection solutions company, has tied up with Japanese company Nissan Chemical Corporation, to introduce Shinwa. The company claims the insecticide can control lepidopteran pests and Thrips in a variety of crops. It said the product has a quick knockdown effect, with a longer duration of control.

Switzerland-based agricultural science major Syngenta says it has developed a solution Plinazolim—chemically known as Isocycloseram—to tackle black thrips in chilli. The company has sought clearance for the solution from the Central Insecticide Board (CIB). AgFarm, another agrochemical company, has come up with four products (Hardy, Longstar, Lambrin Pro and Libas) targeted at thrips.

Similarly, the modal price of the Wonder Hot variety at Warangal APMC is ₹32,000 with the maximum topping ₹35,000.

Currently, chilli prices are nearly double of last year's rates. For example, the modal price (the rate at which most trades

Currently, chilli prices are nearly double of last year's rates

take place) of Teja variety chilli in Khammam agriculture produce marketing committee (APMC) yard is ₹17,000 a quintal with the maximum being ₹21,200. Last year, the variety ruled at ₹10,800 at the same time.

Similarly, the modal price of the Wonder Hot variety at Warangal APMC is ₹32,000 with the maximum topping ₹35,000.

Currently, chilli prices are nearly double of last year's rates. For example, the modal price (the rate at which most trades

With inputs from Subramani Ra Mancombu, Chennai

Former agri secretary to head MSP panel

PRESS TRUST OF INDIA
New Delhi, July 18

THE GOVERNMENT ON Monday formed a committee on Minimum Support Price (MSP), eight months after it promised to set up such a panel while withdrawing the three contentious farm laws.

Former agriculture secretary Sanjay Agrawal will be the chairman of the committee. The government has made a provision to include three members from Sanyukta Kisan Morcha (SKM) as part of the committee but the farm organisation has so far not given any names to be part of the panel. Under the umbrella of SKM,

thousands of farmers had held around one year-long agitation at Delhi borders and forced the government to withdraw the farm laws.

While announcing the repeal of three farm laws in November last year, PM Modi had promised to set up a committee to discuss the farmers' demand for a legal guarantee on MSP.

The agriculture ministry issued a gazette notification in this regard. The panel will comprise Niti Aayog member Ramesh Chand, agri-economists CSC Shekhar from Indian Institute of Economic Development and Sukhpal Singh from IIM-Ahmedabad, among others.

● BOTH COUNTRIES ENGAGED IN FIFTH ROUND OF TALKS

India, UK to wrap up FTA discussions by August 31

Commerce secretary BVR Subrahmanyam says trade deal will be ready before Diwali deadline, after internal approvals

FE BUREAU
New Delhi, July 21

THE NEGOTIATIONS FOR a proposed free trade agreement (FTA) with the UK will be over by the end of August and it will be ready to be signed before the Diwali deadline set by the two sides, commerce secretary BVR Subrahmanyam said on Thursday.

The secretary ruled out any delay in hammering out the crucial trade deal due to political uncertainties in the UK after Boris Johnson stepped down as the leader of the Conservative Party, paving the way for another Prime Minister.

Former British chancellor of exchequer Rishi Sunak and foreign secretary Liz Truss are front-runners for the top post.

"We have been assured by the UK side that, irrespective of whoever is in power, there is across-the-board support for the FTA with India," Subrahmanyam told a group of journalists. Once the negotiations are over in August, both the parties will get into the process of legal scrubbing and other internal clearances (like Cabinet approval). These are expected to be over before Diwali (October



“We have been assured by the UK side that, irrespective of whoever is in power, there is across-the-board support for the FTA with India”

BVR SUBRAHMANYAM, COMMERCE SECRETARY

- Once the negotiations are over in August, both the parties will get into the process of legal scrubbing and other internal clearances (like Cabinet approval).
- These are expected to be over before Diwali (October 24) so that leaders of both the nations will be able to sign it

24) so that leaders of both the nations will be able to sign it, the secretary explained. The UK is expected to have a new Prime Minister in September.

Both the countries are engaged in the fifth round of negotiations for the FTA and have so far completed 17 of the 26 chapters that will be covered by it. Given that this is going to be a modern-day FTA, it will go beyond the traditional pillars like goods, services and investments; it will also cover a range of areas, including gender, trade and development, labour, corruption and MSMEs, the secretary said.

Both India and the UK launched formal negotiations in January for the FTA, which could ultimately cover more than 90% of tariff lines. They aim to double bilateral trade of both goods and services to about \$100 billion by 2030.

The India-UK trade is dominated by services, which make up about 70% of the overall annual commerce.

Earlier in the day, India and the UK signed two memorandums of understanding on mutual recognition of educational qualifications, including maritime education (but excluding professional degrees like engineering, medical, etc), and a framework agreement on healthcare workforce. The agreement on healthcare will allow Indian nurses to work more easily in the UK.

Similarly, both the countries have decided to set up committees to discuss a totalisation agreement being pushed for by New Delhi, and the opening up of Indian legal services for the UK. The MoUs and the panels are in addition to the commitments to be granted by each other under

the FTA.

Interim deal to be ratified by Australia by September

The secretary said an interim trade deal, signed with Canberra in April, will be ratified by the Australian Parliament by September, paving the way for its implementation. Elections in Australia had delayed the process of ratification.

Australia will also amend its domestic regulations pertaining to the Double Taxation Avoidance Agreement (DTAA). This will enable Canberra to stop taxing the offshore income of Indian firms providing technical support there.

Both the India Australia Economic Co-operation and Trade Agreement and the amendment will come into force simultaneously, Subrahmanyam said.

Agri education needs a paradigm shift

A revamp of agriculture education is vital to attracting talent both at the student and faculty levels

BISHWA BHASKAR CHOUDHARY/
PURUSHOTTAM SHARMA

Agricultural education in India dates back to the pre-medieval period when it was part of the curricula of Nalanda and Takshashila Universities. Formal agriculture education in India started with the establishment of six agricultural colleges at Kanpur, Lyalpur (now in Pakistan), Coimbatore and Nagpur in 1905, at Pune in 1907 and at Saubour in 1908 under general universities.

The pressing challenges of food insufficiency soon after Independence accentuated the government's policy focus on strengthening Indian agriculture. Parallely, meeting quality human resource requirements in the sector became an overriding priority. The concerted efforts of government coupled with able assistance of the Indian Council of Agricultural Research (ICAR) led to impressive capacity building in agricultural research and education.

The country has 75 agricultural universities (AUs) enrolling more than 45,000 students — around nine times that in 1960, at graduate and post-graduate levels. The four deemed universities of ICAR — Indian Agricultural Research Institute, New Delhi; National Dairy Research Institute, Karnal; Indian Veterinary Research Institute, Izatnagar, and Central Institute on Fisheries Education, Mumbai — are the milestone in the field of quality human resource development in agricultural research and education.

The number of applicants for under-graduate courses in agriculture has significantly increased in the recent past, but for each seat at the under-graduate level in 2019-20, there were only around 85 applicants — far below that for medical courses where for each seat there are about 50,000 candidates.

Further, the All India Survey on Higher Education report for 2018-19 indicates that the gross enrolment ratio for higher education in India is 26.3 per cent, while for agricultural education it is only 0.03 per cent indicating that there is still a long way to go.

According to the recent report of Agriculture Education Division of ICAR, around 52 per cent of students admitted at the under-graduate level in agricultural universities through the All India Entrance Examination for Admission, 2019-20 had secured 80 per cent and above marks in their qualifying Intermediate board examinations.

It is encouraging to see many talented students opting for agriculture as a choice for the profession. But agriculture is not a career option for urban students and is largely opted by those who do not get admission in medical or veterinary courses. Therefore, talent within the available pool needs to be nurtured by providing excellent teaching environment and facilities.

Critical concerns

Despite significant contributions made so far by the ICAR and AUs, the existing Indian higher agricultural education is fraught with challenges.

Since, State agricultural universities (SAUs) are established through the respective State Legislature Acts with major financial support from them, the administrative and policy control primarily rests with the State governments.

Various reports suggest that inadequate State funding, reduced faculty strength, basic pay to new faculty during probation period in some SAUs, inadequate faculty development programmes, lack of modern infrastructure for education and research, etc., have affected the pace and quality of hu-



Farming research A paddy field on the campus of a TNAU college BY VELANKANNI RAJ

man resource development in many of the agricultural universities.

Nonetheless, the budget of Agricultural Education has constantly increased, however, with time, the number of agricultural universities and their constituent colleges and departments has also increased, but there has been no commensurate increase in the budgetary provisions. Sectoral division of SAUs into different subject areas has also contributed to their rising numbers and falling financial share.

Consequently, the financial health of SAUs, in general, is precarious. It is imperative to enhance budgetary support both at the Centre and the State levels to attain and sustain enhanced capacity for technology development and quality of research and education.

Inbreeding in the faculty recruitment is a well known problem. Studies show that 51 per cent of the faculty in agricultural universities have degrees from their *alma mater*. Further a long gap between advertisement of faculty posts in universities and final selection process demoralises potential applicants.

Ashok Dalwai, Chief Executive Of-

ficer of the National Rain-fed Area Authority, in his address at the national conference on 'National Education Policy 2020', also pointed out that roughly 30 per cent of students who graduate from agricultural institutions choose to work in fields other than agriculture.

Establishment of new SAUs and new faculty/colleges without providing necessary financial and faculty support is another serious concern. The Paroda Committee (2019) report also said that the recent mushrooming of private colleges and universities is a serious threat to the goals and objectives of present day agricultural education.

These institutions entice academically mediocre students into various courses and charge them exorbitant fee, which is disproportional to the infrastructural facilities and quality of education they offer. Therefore, the Paroda Committee recommended the urgent establishment of an Agricultural Education Council of India (AECI) by Parliament which will be a regulatory authority to maintain quality of agricultural education on the lines of the Veterinary Council of India (VCI).

Strengthening agri education

Agricultural education must evolve with the rapidly changing national and international scenario. Instead of being the world's largest ICAR-AU system, the country needs to have the world's finest ICAR-AU system.

Agriculture is a state subject and so is agricultural education, but higher education is on the concurrent list in our Constitution, and therefore, the modus operandi for implementation has to be modified accordingly. Agricultural universities have the mandate of research, education and extension, which makes them different from traditional universities.

Thus, while aligning with the National Education Policy 2020 (NEP 2020), the ICAR must continue to strive for the quality of agriculture education. It is perhaps the right time to bring agriculture on the concurrent list.

World class agricultural institutions on the lines of IITs and IIMs, focussing post-graduation teaching and research, need to be established to attract and nurture the best talent from across the world.

Success of an educational institute also depends on demand and marketability of its product, i.e. quality of students and their placement in market. Focus should be shifted to instill employable skills in agriculture graduates which are expected by the employers in today's competitive business scenario.

Rather than increasing the supply of graduates, both the ICAR and SAUs need to focus more on skill and professional capabilities of students to deal with the concerns confronting farmers and other stakeholders.

Choudhary is a scientist at ICAR-IGFRI, Jhansi; and Sharma is Principal Scientist at ICAR-IGFRI, Jhansi. Views expressed are personal

New Australian govt supports trade pact with India: Goyal

'Adopt Surat model of natural farming'

EC to suspend 5 organic certifying agencies from clearing exports of processed food

Four of them certified shipments that were found contaminated

SUBRAMANI RA MANCOMBU

Chennai, July 18

The European Commission has decided to suspend five certifying bodies from clearing or ratifying exports of Indian processed organic food products for their failure to comply with European Union norms and ensure contamination-free products.

In a notification last week, the EC proposed an amendment to implementing regulation with regard to recognition of control authorities and control bodies (certifying agencies) for permitting import of organic products into the Union. As per this, TQ Cert Services has been suspended from certifying processed or-

The EC move follows its decision last year to derecognise 5 certifying agencies from clearing or ratifying exports of organic products

ganic food products on a request from the Indian government after the firm was suspended by the Agricultural and Processed Food Products Export Development Authority of India (APEDA) from clearing or certifying exports. APEDA is the competent authority recognised by the EU.

Contamination far MRLs

The other four—Control Union Certifications, Ecocert SA, Lacon GmbH and OneCert International Pvt—have been suspended for non-compliance of EU organic products import norms. The EC

said notification of non-compliance cases had been registered in the Organic Farming Information System (OFIS).

“Those notifications concern the contamination of a large number of consignments of products, produced in India and certified as organic by those control bodies. The contaminations were with products and substances not allowed in organic production and/or conventional production in the Union, at levels above and often far above the Maximum Residue Levels as set in Regulation of the European Parliament,” the EC said.

S Chandrasekharan, a trade analyst, said “this second systemic failure of certification agencies of foreign origin brings bellwether in upcoming India-EU discussions. It also drives value chain of organic certification systems towards creative destruction and institutional reforms.”

EXPLAINER

Understanding the all-time high in India's trade deficit

After a year of record exports, why have India's exports moderated in the first quarter?

VIKAS DHOOT

The story so far: Having crossed a record \$400 billion mark in 2021-22, India's exports have moderated in the first quarter of this year, with May and June clocking upticks of 20.6% and 16.8%, respectively, slowing from a 30.7% rise in April. Sequentially too, overall goods exports declined for the third month in a row in June, even as imports continued to rise sharply, triggering fresh peaks for India's monthly trade deficit.

How has the merchandise trade balance changed in recent months? While India's exports were surging last year, imports were rising too, according to the Ministry of Commerce. Total goods exports in 2021-22 amounted to \$422 billion, up sharply from the pre-COVID levels of \$313 billion in 2019-20. This was the highest ever export number, and marked the first time in years that an official export target (\$400 billion) was not only met, but surpassed. Imports hit a fresh high of \$613 billion, compared to \$394 billion in the pandemic affected previous year and \$475 billion before that. The trade deficit thus stood at \$191 billion, nearly double of 2020-21. The chasm between exports and imports has widened in the first quarter



of this year, with the cumulative trade deficit already hitting \$70 billion, translating into an average of \$23.3 billion a month. By contrast, the previous highest monthly trade deficit was \$22.9 billion in November 2021. That record has been surpassed significantly in the past two months, with the deficit hitting \$24.3 billion in May and peaking to a new high of \$25.6 billion in June. Economists reckoned the deficit was higher on a seasonally adjusted basis, with Nomura analysts estimating that it stood at \$25.8 billion in May and widened to \$29.9 billion in June. Economists at HSBC

Securities and Capital Markets (India) pegged the trade deficit even higher in seasonally adjusted terms, at \$31 billion from \$26 billion in May.

In value terms, imports jumped for the fifth month in a row to a fresh record of \$63.6 billion in June, 51% over the same month a year ago and 6.9% higher than May's tally, which in turn was 7.3% over the value of April's inbound shipments. On the other hand, exports slid 2.6% from May's \$38.9 billion to \$37.9 billion in June.

What is driving up imports and denting exports?

While Russia's continuing conflict with Ukraine since late February this year has propped up commodity prices globally, the spill over effects of runaway inflation are hurting global growth prospects as well as trade demand. The 'lacklustre' exports in June reflect an underlying slowdown in external demand, with weakness seen in exports of engineering products, chemicals, pharmaceuticals, cotton yarn and plastic products, Nomura said in a note. Outbound shipments for these four categories, part of India's top ten exports, contracted. While petroleum exports were still up a sharp 98% from June 2021, they were \$0.7 billion lower than May 2022 levels. And

though exports of readymade garments, electronics and rice remained healthy, non-oil exports fell for the second successive month in June on a seasonally adjusted basis, HSBC cautioned in a note on Tuesday. "...We find that in volume terms, low-skill exports like agriculture and textiles have weakened more than high skill exports like engineering goods and pharma," said its chief economist Pranjul Bhandari (along with co-authors).

Imports, on the other hand, have literally been fuelled by energy sources – oil and coal, with the former driven by higher prices and the latter driven by India's domestic coal supply crunch compelling power producers to import more each passing month. The volatility in financial markets and the sharp inflation have also driven up imports of gold – considered a safe haven and hedge against price rise. Coal imports were up 242% in June, gold by 170% (after a dazzling 789% uptick in May), and crude oil imports grew over 94%. But non-oil, non-gold imports (also known as core imports) also grew by a robust 31.7% in June – spurred by higher inflows of plastics, chemicals, electronics and vegetable oils. While higher prices are feeding a large part of the increase in headline imports, import volumes are also growing in line with steady domestic

demand, Nomura analysts argued.

What will determine the trade trajectory through the rest of the year?

With several developed economies expected to fall into recession over this year, the dip in exports could accelerate in coming months. The fresh taxes and restrictions imposed on petroleum exports could weaken outbound volumes further, while Indians' appetite for gold may not be dented much by the higher import duties levied by the Centre last week. Oil and gold prices may have corrected a bit recently, but still remain significantly high. Moreover, coal imports will only surge further as Coal India's production levels slide through the monsoon. The weakening rupee will continue to make imports costlier while slowing exports may not be able to capitalise enough on it. Indian exporters don't expect a change in the narrative till the war in Europe abates, along with the high volatility in commodity prices. Economists at Nomura and HSBC expect 'record high trade deficits' to remain the norm for India, for now. But India is not alone, and can perhaps, take solace from the fact that even super-exporter Germany recorded its first trade deficit in 30 years this May, albeit a minor one.

Tech-centric approach is the key: ICAR

Landless farmers in Ladakh had highest increase in income at 390.6%, shows study

PRABHUDATTA MISHRA

New Delhi, July 17

Farmers' income has increased in the 125 per cent to 272 per cent range between FY17 and FY21, according to a study by the Indian Council of Agricultural Research (ICAR).

"The results reiterate the fact that doubling farmers' income is possible across the agricultural sector, across the nation irrespective of land size. Science and technology-driven increase in income is a reality and could be pursued with back-up from administrative and policy support," said a top ICAR scientist.

For the study, 2016-17 was the base year and 2020-21 the impact year to calculate the income. Landless farmers in Ladakh had the highest increase in income at 390.6 per cent while Jharkhand reported a 366.59 per cent rise, Andhra Pradesh 342.97 per cent and Goa 303.02 per cent.

The income of marginal farmers (less than 2 hectares) increased to 298.10 per cent in Haryana and over 200 per cent in Uttarakhand, Chhattisgarh, Rajasthan and Assam. Small farmers (owning

2-5 hectares) in Puducherry, Uttarakhand, Assam and Himachal Pradesh gained the most through the Krishi Vigyan Kendra (KVK) intervention. Large farmers (over 10 hectares) of Puducherry and West Bengal recorded the highest increase in income at 405.26 per cent and 377.39 per cent, respectively.

Horticulture's role

The ICAR report also highlighted that horticulture had the dominant share in total income during 2016-17 and in 2020-21 in 14 States, including Gujarat, Maharashtra, Tamil Nadu, Karnataka, Kerala, Jammu and Kashmir, Himachal Pradesh, Sikkim, Meghalaya, Mizoram, Goa and Tripura. Farmers in Himachal Pradesh, Kerala and Goa had over 60 per cent share from horticulture in their total income.

One of the important observations related to the declining income from field crops (agriculture crops), though it was still the main source of income in 11 States, including Punjab, Haryana, Rajasthan, Uttar Pradesh, Bihar, Chhattisgarh, Madhya



Growers in Uttarakhand, West Bengal and Chhattisgarh recorded over 200 per cent increase in income in four years

Pradesh, Andhra Pradesh, Uttarakhand and Telengana.

But in Assam, Arunachal Pradesh, Manipur and Nagaland, the main source of income was livestock. Fishery was the dominant source for farmers in Andaman and Nicobar Islands and Odisha.

Traditional farming

Releasing a compilation of 75,000 success stories on the ICAR Foundation Day, Agriculture Minister Narendra Singh Tomar said there is a need to promote traditional farming along with the adoption of new technologies. He also spoke about the need to promote organic as well as natural farming, as excess use

of chemicals and fertilisers impacts human health.

Addressing the gathering of scientists and farmers, Minister of Fisheries, Animal Husbandry and Dairying Parshottam Rupala emphasised on improving soil health and said it can be achieved through the use of cow dung for which a protocol should be prepared.

The success stories were the result of ICAR's State-specific plans for doubling farmers' income as it had entrusted KVKs to take up the challenge. Using a technology-centric approach, KVKs guided farmers in adopting innovative technologies and good agricultural practices.

GROUND REPORT

Lack of seeds, fertilizers, pesticides delays kharif ops

**DEEKSHITULA
SUBRAHMANYAM
RAJAMAHENDRAVARAM**

THIS East Godavari district, which is on the banks of River Godavari, should have been bustling with farm activities and sowing should have been completed. But still nursery work (Narumadi) is on.

The officials say that the delay in agricultural operations was on account of lack of rains. But the farmers do not agree with this opinion.



They say that they are not able to get quality seeds, fertilisers and pesticides at reasonable rates. The prices have skyrocketed. Earlier, it

used to cost Rs 800 per acre for fertilisers but it had shot up to Rs 2,000 per acre. Cost of pesticides had doubled. Due to increase in fuel

prices, cost of tractors, and machinery had also gone up resulting in higher input cost.

All this negates the advantage of the government's decision to release water early for kharif operations. Another problem is that the government has not been able to deposit the MSP for the last kharif and rabi crops into their bank accounts. They had said that the farmers would get their money within 21 days of procurement of paddy.

Tanakala Nageswara Rao, a farmer from Korukonda Mandal in the district's upland, told The Hans India that he sold paddy at Rytu Bharosa Kendra during the last week of November. He was to get about Rs 8 lakh from the government. But after a long wait Rs 6 lakh was credited to his account and another Rs 2 lakh was pending. This creates problems in investing money for the kharif cultivation. **Continued on Page 5**

Agri exports need to strike balance with domestic demand: APEDA chief

PRABHUDATTA MISHRA

New Delhi, June 30

India recently restricted wheat and sugar export by allowing them only with government permits. The Agricultural and Processed Food Products Export Development Authority (APEDA) faces a tough job in such a situation to maintain a balance. In an interview with *BusinessLine*, APEDA Chairman M Angamuthu said when there is a strong export demand in the global market which keeps on increasing rapidly, India has to strike a balance between domestic requirements and global demand. Excerpts:

How has been the results of some new initiatives of APEDA in recent years?

APEDA's new initiatives coupled with our Prime Minister's theme 'Local goes Global' endeavoured to drive new innovative/GI products to the global market, pushing ahead India's self-driven agri exports beyond \$50 billion in 2021-22, in which APEDA promoted products had a share of 52 per cent.

“ India's agri exports spurred by 20 per cent to \$50 billion in 2021-22. Considering this growth rate, there is a probability of touching \$60 billion in a few years.

M ANGAMUTHU
Chairman, APEDA



There is a rise in exports to major destinations and also remarkable growth in each segment has been noticed.

Opening up of regional offices in nine places led to increase in exports from those areas.

It has been seen that whenever there is some issue at domestic front, export becomes the first casualty causing setback for a credible destination in agri products. Is there any solution?

India is a major player with a vast range of agricultural products. Of course, national food security is the primary need of every country, there may be prohibitions or restrictions. When there is a strong export demand in the global market, a country has to strike a balance between domestic requirements and global demand. An export-led agricultural research and development strategy is a way forward to improve productivity qualitatively and quant-



itatively on sustainable basis.

APEDA entered into joint ventures with state agricultural universities and research institutions under ICAR for development to meet this objective.

When can we expect agri export to touch \$60 billion and any particular strategy for it?

India's agricultural exports spurred by 20 per cent to \$50 billion in 2021-22. Considering this growth rate, there is a probability of touching \$60 billion in a few years.

How is the progress report on One District One Product (ODOP) in export?

APEDA has been synergising with different other ministries - Agriculture and Food Processing and with DGFT for convergence of cluster development schemes. The activities are being aligned with the clusters identified under the agri export policy and those common with other schemes including ODOP for seeking a convergence.

CM pitches for natural farming

■ Modi mentions 'extraordinary success' of Digital India Mission

PM pitches for natural farming, says it is basis for eco success

Natural farming has picked up: Agri Secy

Sales growth may sow seeds of distress for agrochem players

Exporters could do better as domestic firms are hit by monsoon delay

RAM PRASAD SAHU

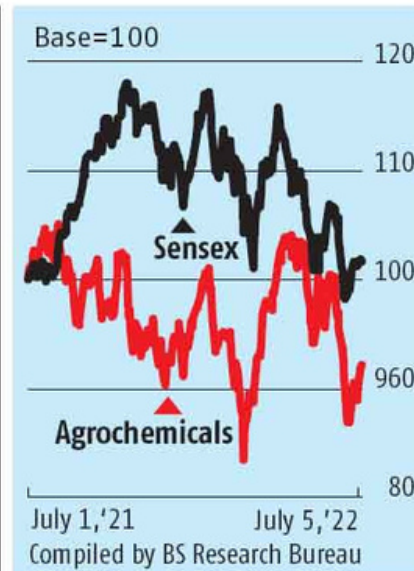
Agricultural input or agrochemical (agrochem) players might post a lower-than-expected April-June quarter (first quarter, or Q1) performance in 2022-23 (FY23) due to unfavourable weather conditions and higher inventory levels. Heatwaves earlier in the quarter and lower rainfall have led to a delay in planting.

Although there has been some recovery in rainfall, what could impact planting/acresage is labour shortage.

ICRA Research highlighted that with labour moving back to urban centres, the availability of manpower in rural areas to till the land may be limited. Also, the availability of fertilisers is a worry, posing a downside to acresage.

In a report last month, Prashant Biyani of Elara Capital, too, had pointed out that lower pre-monsoon showers have put the farming community on a wait-and-watch mode before it starts to plant in earnest. A diminished rainfall this time around has led to delayed sowing in several regions across the country, adds Biyani.

Himanshu Binani of Prabhudas Lilladher Research expects subpar performance of the agrochem industry in Q1FY23, with growth ranging between mid-single digits



and low double digits. The brokerage cites a delayed start to the south-west monsoon (sowing delay by 15-20 days) and higher placements by the industry during the fourth quarter of 2021-22 (FY22), coupled with slower on-ground activity, causing delayed liquidation in Q1FY23. Elevated channel inventory in the insecticide category is another factor expected to peg back growth.

While realisations on the back of price hikes have been impressive, volumes have been impacted by lower offtake. Companies with a higher share of exports are expected to benefit from elevated crop prices in the international markets.

PI Industries and Sumitomo Chemical are expected to post the highest year-on-year sales growth of 24-25 per cent. Domestic-focused players like Dhanuka Agritech, Bayer CropScience, and Rallis India could trail the leaders, registering growth ranging between 8 per cent and 12 per cent.

The muted performance by agrochem majors comes after they had posted a strong showing in the January-March quarter (fourth quarter, or Q4) of FY22. This was led by price hikes and higher volumes amid rising crop prices in India and the global markets.

For companies under its coverage, Sharekhan Research had reported an aggregate revenue growth of 27 per cent and margin improvement of 42 basis points in Q4FY22. The results in the previous quarter were better than estimates as some brokerages had expected a decline over the year-ago period and a slight cost pressure due to higher input and logistical costs.

Among the top five agrochem companies by market capitalisation, Sumitomo Chemical is the top pick of most brokerages. While the stock has gained about 14 per cent in the last 10 trading sessions, target prices in the ₹507-540 range will translate into gains of 8-14 per cent from the current market price.

Cooperatives model a middle path, can make India self-reliant: Shah

Export bans won't cure inflation

THERE ARE MEDIA reports suggesting that the government is mulling over banning exports of rice to tame inflation. On May 13, the government had banned wheat exports to check potential rise in prices in the face of low procurement of wheat. This is surely not the first time that such an attempt is being made, to ban exports of wheat and rice. It was also done in 2007-08 in the wake of the global financial crisis.

By doing so again, some people in the government think that they can tame inflation in India. Maybe they will also impose stocking limits on traders for a horde of commodities, suspend futures trading in food items, and even go for income tax raids on traders of food. But all such extreme measures in the name of taming inflation only expose the hollowness and lack of understanding within the government as to how market economies function and what is really behind high inflation.

Let us take the case of rice first. India exported its highest-ever volume of rice—21 million metric tons (mmt)—in FY22, in a global market of about 51.3 mmt; the exported volume amounts to about 41% of the global exports. In an earlier article (bit.ly/3OwYsKW), we had argued that such large volumes of rice exports brought down global prices of rice (Thailand, 25% broken) by about 23% in March (year-on-year), when all other cereal prices, be it wheat or maize, were going up substantially in the global market (by 44% and 27%, respectively).

Our rough calculations suggest that if India exports more than about 25% of the global trade in rice, it starts to have a dampening effect on global prices. In fact, in FY22, the unit value of exports of common rice was just \$354/tonne, which was below even the minimum support price (MSP) of rice.

ASHOK GULATI & RITIKA JUNEJA

Respectively, Infosys Chair professor for agriculture, and research fellow, ICRIER



This meant that rice exporters were either buying rice (paddy) from farmers and millers at below MSP, or that quite a substantial part of rice being given free under the PM Garib Kalyan Ann Yojana (PMGKAY) was being siphoned away for exports at prices below MSP.

When "excessive exports" bring down global prices, what it means is that to earn the same dollar, India will have to export more quantity of rice. This is a perfect case for "optimal export tax", not ban, on exports of rice. We would argue here for imposition of, say, 5-10% export tax on rice exports with a view to also recover large input subsidies that India gives for rice cultivation. Free electricity for irrigation in several states, most notably Punjab, and highly subsidised fertilisers, especially urea, create artificial

competitive advantage for Indian rice in global markets. While urea prices in global markets breached \$900/tonne in April, Indian farmers pay roughly \$72/tonne at existing exchange rates, which is perhaps the cheapest price that any farmer pays in the world. And the government subsidy on fertilisers

will surely cross ₹2 trillion in FY23.

If we can't raise domestic prices of urea, which is long overdue, we should at least recover a part of urea subsidy from exports of rice by imposing an optimal export tax.

But will this help tame inflation at home? The answer is clearly 'no'. In order to understand that, we must look at the contribution of different items in inflation. In May 2022, the consumer price index (CPI) inflation was

7.04% year-on-year. The cereals group, as a whole, contributed only 6.6% of this inflation. Within that, rice and wheat through public distribution system (PDS) contributed zero, and wheat *atta* (other than PDS), contributed just 3.11% and non-PDS rice contributed 1.59%.

So, by imposing ban on exports of wheat and rice, it is

impossible for India to tame its inflation as more than 95% of CPI inflation is being contributed by other items. Interestingly, inflation in vegetables contributed 14.4% to CPI inflation, which is more than three times the contribution of rice and wheat combined. And within vegetables, tomato

alone contributed 7.01% to CPI inflation. Will the government now ban tomato exports?

What all this indicates is that agri-trade policies need to be more stable and predictable, rather than a result of knee-jerk reactions. In commodities like vegetables, most of which are largely perishable, we need to build efficient value-chains and link these to processing facilities.

So, when the prices of fresh vegetables spike, as it happened in case of tomatoes in May, people can switch to its processed form (tomato puree) whose prices are more stable.

The same would go for onions, which often brings tears to households when its prices shoot up. A switch to dehydrated onion flakes and onion powder would be an answer. Our food processing industry, especially in perishable products, in way behind the curve compared to several South East Asian nations. This needs to be taken up on high priority.

Export bans on food items also shows somewhat irresponsible behaviour at the global level unless there is some major calamity in the country concerned. India is in a fortunate situation for food—it is largely self-reliant, except in the case of edible oils, where it imports 55-60% of its consumption. Think about how did India feel when Indonesia had put a ban on exports of its palm oil.

The recently-concluded WTO ministerial meeting, as well as the G-7 meeting, expressed concerns about food security of vulnerable nations. Abrupt export bans inflict high costs on poorer nations, and many millions fall below the poverty line as a result of such actions by a few.

If India wants to be a globally responsible player, it should avoid sudden and abrupt bans, and if need be, filter it through transparent export taxes to recover its large subsidies on power and fertilisers.

Banning exports of wheat and rice, it is impossible for India to tame its inflation as more than 95% of CPI inflation is accounted for by other items. While PDS wheat and rice had no share in the 6.6% contribution that cereal inflation had in the May CPI print, non-PDS rice and wheat *atta* accounted for just 1.59% and 3.11%, respectively

New foreign trade policy likely by Sep

Mahindra plans to expand farming-as-a-service business

Looks at offering drone-based services

VISHWANATH KULKARNI

Bengaluru, July 7

Tractor major Mahindra & Mahindra (M&M) is planning aggressive expansion of its Farming-As-A-Service (FAAS) business 'Mahindra Krish-e', even as it evaluates options to include drone-based services in its offerings.

Mahindra Krish-e services are currently being offered to farmers through some 138 physical centres, as part of the Mahindra and Swaraj tractor dealerships. "We want to expand aggressively and in the shortest period of time, be available in all our 2000 dealerships," said Ramesh Ramachandran, senior vice-president - Strategy & Farming As A Service, M&M Ltd. Through Krish-e, M&M is helping farmers



Ramesh Ramachandran, Senior VP, Strategy and Farming As A Service, Mahindra & Mahindra

to improve productivity and income by adopting a curated set of practices, including crop planning, seed treatment, optimum fertilizer application among others. Such practices are showcased to farmers through the one-acre demonstration plots set up across the country.

GMV of 300 crore

"We started with 300 demo plots in 2019 and this season we want to do 11,000," Ramachandran said adding that incomes of farmers have improved from

₹5000-15,000 per acre, depending on the crop and region.

Over the past three years, Mahindra Krish-e has generated a gross merchandise value (GMV) of close to about ₹300 crore driven both by sale of equipment and inputs, Ramachandran said.

Through Krish-e, M&M is also offering digital advisory to farmers and is making available service offerings that include precision farming and equipment rentals. M&M has also been offering smart fertiliser application services to potato farmers in Punjab, where about 5,000 acres are covered. Also, using the satellite-image based application, the company is helping sugar mills optimise the harvest schedules.

Ramachandran said the company is already piloting the use of drones and is working with industry partners in creating a business model. "Offering spraying services would be one of the big focus areas for us," he said.

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