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‘No integrated strategy for agriculture and food security'

M.S. Swaminathan

The budget comes in the backdrop of an emerging global food crisis, caused partly by extreme weather events in some major food producing countries including China, and partly by escalating petroleum price arising from the battle for democracy in the Middle East. It also comes in the wake of continuing food inflation. The last budget of Pranab Mukherjee included special production efforts in Eastern India, described by the National Commission on Farmers as the “sleeping giant of Indian agriculture,” the organisation of 60,000 pulses and oilseeds villages, initiation of a Mahila Kisan Shashaktikaran Pariyojana, and several other steps in the areas of credit, fertilizer subsidy and infrastructure development. Unfortunately, most of these programmes are yet to be implemented properly and are yet to have an impact.

The major components of the 2011-12 budget relating to farming include bringing a green revolution to the eastern region, the integrated development of 60,000 pulses villages in rain-fed areas, promotion of oil palm, increasing the production of fruits and vegetables and the promotion of nutritious cereals like bajra, jowar, ragi and other millets, and the initiation of a National Mission for protein supplements through dairy-farming, piggery, goat-rearing and fisheries in selected blocks. Provision has also been made for an accelerated fodder development programme and the promotion of organic farming methods. The target of credit flow to farmers has been increased to Rs. 4,75,000 crore. Since so far most of the credit has gone to companies and not to farmers, Mr. Mukherjee is planning to advise banks to step up direct lending to small and marginal farmers. Also, the effective rate of interest to farmers who repay crop loans on time will be 4 per cent, as was suggested by the National Commission on

Farmers in 2006. Provision has also been made for more mega-food parks, for warehousing and storage and cold chains. It is proposed to attract private investment in this sector.

The Finance Minister has also announced that a National Food Security Bill will be introduced in Parliament this year, to address the widespread prevalence of undernutrition and malnutrition, particularly among women and children. It is also proposed to make some of the subsidies, like those relating to fertilizers and kerosene, payable to farmers directly. Excise duty has also been reduced in the case of equipment for drip irrigation. A welcome step is the creation of the Women Self-help Groups' Fund with an outlay of Rs. 500 crore. If this is linked to the Mahila Kisan programme, it will have an impact on rural incomes.

On the whole, the budget contains several good proposals, but it lacks a vision and a strategy for keeping farmers on the farm and for attracting and retaining youth in farming. While the Finance Minister has emphasised the need for reaping a demographic dividend from our youthful population, there is no strategy or programme for attracting and retaining youth in farming. Most of the farm graduates seek employment in the organised sector and are not interested in going back to the villages.

The major deficiency of this budget is that it has not addressed two of the goals of the National Policy for Farmers placed in Parliament in November 2007. This policy calls for an income orientation to farming and the measurement of agricultural growth in terms of growth rate in the real income of farm families. Also, it calls for steps for Yuva Kisans to take to farming as a profession through an integrated action plan involving higher farm productivity and larger income from non-farm activities, particularly through the provision of services which can confer the power and economy of scale to small producers.

It is unfortunate that in a year of emerging global food crisis and persistence of food inflation, an opportunity to accelerate agricultural progress and agrarian prosperity has been missed. The only hope for farmers is the enactment of a Food Security Bill which confers legal access to food. While the right to information can be implemented with the help of files, the right to food can be implemented only with the help of farmers.(Professor M.S. Swaminathan is an eminent agricultural scientist and a Rajya Sabha MP)

Date:01/03/2011 URL: http://www.thehindu.com/2011/03/01/stories/2011030152430300.htm

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It's time agricultural universities are networked: ICAR official

Special Correspondent

— Photo: C. Venkatachalapathy

Impetus:ICAR Assistant Director General

CUDDALORE: Assistant Director General of Indian Council for Agricultural Research (ICAR-New Delhi) C. Devakumar has underscored the importance of networking of the agricultural universities in the country for intensifying the research works and for capacity building.

He was delivering the keynote address at the National Science Day celebrations held at Annamalai University, Chidambaram, on Monday.

Already, the ICAR had been organising annual conferences of the Deans, Controllers of Examinations and the Vice-Chancellors of 57 State-run agricultural universities to discuss all aspects of farm education.

He said that the main objective of any study was to arrive at the truth and carry on development works without disturbing ecology. Scientific temper meant having an open mind that was free from illusions, doubts and prejudices. It also encompassed social and behavioural aspects, Mr. Devakumar said.

Scientific knowledge should ward off all insecurities and provide prosperity to all.

These were not novel concepts but were well codified in Tamil literature such as the Tirukkural and the Seevaga Chinthamani.

Just as Ashutosh Mukherjee, a renowned academic, had spotted the talent in Sir C.V. Raman and brought him to the fore, Annamalai University, in tune with the vision of its founders, had created the enabling environment for many scholars to emerge and flourish, Mr. Devakumar added.

Vice-Chancellor M. Ramanathan said that science was fundamental for the all-round growth, including economy and education.

However, it was a cause for concern that aspirants for basic sciences were on the decline whereas the craze for professional courses was on the rise.

The Vice-Chancellor said that year after year the turnout at the National Science Day celebrations was getting enhanced and the events were getting sprightly. The content of the science exhibition being held in this connection would be improved next year, he added.

On the occasion Mr. Devakumar and Dr. Ramanathan gave away prizes to the winners of various competitions. M. Rathinasabapathi, Registrar, Kannappan, Dean, Faculty of Science, and T. Balasubramanian, Dean, Faculty of Marine Biology, participated.

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Purchase quality seeds, farmers told

Special Correspondent

THANJAVUR: Farmers of Thanjavur district can purchase Kuruvai seeds from Agriculture Department for the forthcoming season.

A press release issued here by V.Balasubramanian, Joint Director of Agriculture, Thanjavur District, said that normally Kuruvai is raised on 40,000 hectares in Thanjavur district. Keeping this in mind, the department has stocked 514 tonnes of certified Kuruvai seeds of varieties such as ADT 36, ADT 43 and ADT 45 in agriculture extension centres. The department is also selling paddy seeds at subsidised rate to farmers for raising summer crop, he added.

Tamil Nadu Rice Research Institute (TRRI), Aduthurai, has kept80 tonnes of ADT36 and ADT 43 varieties of seeds for distribution . Private companies have also stocked 170 tonnes of ADT 45 and ADT 43 varieties of seeds. The Joint Director appealed to farmers to purchase quality seeds from the department and raise Kuruvai under Rajarajan 1000 method of cultivation to save water and better yield.

Date:01/03/2011 URL: http://www.thehindu.com/2011/03/01/stories/2011030154120500.htm

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Expedite rescheduling of farm loans, banks told

Staff Reporter

GUNTUR: District Collector B. Ramanjaneyulu ordered banks to expedite the rescheduling of farm loans as only a month is left to achieve the target before the financial year draws to a close. He expressed regret that only 40 per cent of the loans were rescheduled till now causing difficulty to farmers in steering themselves clear of the financial turmoil brought by unseasonal rains last year.

Speaking during the ‘Dial Your Collector' programme on Monday, Mr. Ramanjaneyulu said the Lead District Manager (LDM) should pay special attention to the rescheduling of loans which would mitigate the problems faced by farmers.

He sought explanation from the State Bank of India's Dachepalli branch manager for alleged failure to reschedule the loan of a farmer who duly complied with the procedures.

The Collector instructed District Revenue Officer M Venkateswarlu to examine the reasons for delay in disbursing financial assistance under ‘Apadbandhu' scheme. Additional Joint Collector Yakub Naik, LDM Rami Reddy and others were present.

Mr. Ramanjaneyulu announced that the Dial Your Collector programme scheduled to be held on March 7 would focus on problems affecting the student community.

Students could speak to the Collector between 9.30 a.m and 10.30 a.m.

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Direct cash subsidy on fuel, fertilizers by 2012

Special Correspondent

“To ensure greater cost efficiency, better delivery”

Task force to submit interim report by June“Nutrient-based fertilizer policy for urea under consideration”

NEW DELHI: Seeking to address the issue of subsidies not reaching the targeted groups, Finance Minister Pranab Mukherjee on Monday proposed to provide a direct cash subsidy on fuel and fertilizers to the poor from March, 2012.

“To ensure greater cost efficiency and better delivery of kerosene and fertilizers, the government will move toward direct transfer of cash subsidy for people below poverty line (BPL) in a phased manner,” Mr. Mukherjee said during the presentation of the budget. The system would be in place by March, 2012, he added.

A task force headed by the former chief of Infosys, Nandan Nilekani, who is now Unique Identification Authority of India (UIDAI) Chairman, is working out the modalities for the proposed system, he said. It comprises Secretaries from the Ministries of Finance, Chemicals and Fertilizers, Agriculture, Food, Petroleum and Rural Development.

“The interim report of this task force is expected by June this year,” he remarked.

At present, the government provides kerosene at subsidised rates to BPL families through the Public Distribution System (PDS). Furthermore, LPG is provided at a subsidised rate to households. As regards fertilizers, the government provides subsidy to companies so that farm inputs, which include urea and imported fertilizers, can be provided to farmers at cheaper rates.

The need to set up the task force arose in view of overwhelming evidence that the current policy is resulting in waste, leakage, adulteration and inefficiency. Therefore, it is imperative that the system of delivering the subsidised kerosene be reformed urgently, the government said.

Besides designing an IT framework, the task force will align the systems with the issuance of the UID numbers and suggest changes in the administration and supply chain management. The recommendations of the task force will be implemented on a pilot basis by the Ministries concerned and the final report will include the results of such projects.

A new policy on providing subsidies on fertilizers on the basis of their nutrient composition could soon be extended to urea, one of the most widely used fertilizers, Mr. Mukherjee said. “Nutrient-based fertilizer policy for urea is under consideration.” The nutrient-based subsidy (NBS) regime is expected to promote balanced fertilization and consequently increase agriculture productivity in the country through higher usage of secondary and micro-nutrients.

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Areca growers demand relief

Correspondent

CHIKMAGALUR: Hundreds of areca growers staged a demonstration in Koppa on Monday to draw the attention of the Government to their plight. They took out a procession from the municipal office to the bus-stand before holding a public meeting.

Cutting across party lines, leaders of all political parties and organisations like the Karnataka Rajya Raitha Sangha participated in the protest. Pointing out that the yellow leaf disease had been playing havoc with the lives of areca growers, they said an united stand was required to get relief from the Government.

They wanted the Centre to mediate with the Supreme Court in getting the ban on use of plastics in gutka pouches revoked. They urged the State Government to implement the recommendations of the Gorak Singh committee for areca growers affected by yellow leaf disease and waive interest on loans obtained by these farmers.

Date:01/03/2011 URL: http://www.thehindu.com/2011/03/01/stories/2011030153840500.htm

Meet showcases farm innovations

Staff Reporter

Kasaragod: Farmers presented their innovations and deliberated on the possibility of scaling up potential technologies for their benefits at a farm innovators' meet organised at the Central Plantation Crops Research Institute (CPCRI) here on Monday, as part of National Science Day.

The farmers presented their observations and findings in areas liken crop, pest and disease management and post-harvest technologies.

The relevance and importance of assessing the effectiveness of farmer innovations and using these for the benefit of farmers was highlighted at the meet.

It was inaugurated by Information Officer K. Abdur Rahman. CPCRI Director George V. Thomas presided. CPCRI Senior Scientist C. Thamban moderated the session.

Basin management in coconut, pest management techniques against mite, rat-control devices, fertilizer application and irrigation methods for coconut, high-rocker sprayer for areca palms, poly bag filling device, pot mover, herbal fungicide spray against arecanut diseases, value-added products from arecanut etc were discussed.

Machines

Machines for coconut-climbing, arecanut de-husking and sizing, white pepper making, etc were demonstrated. The use of coconut inflorescence stalk for dental care, post-harvest storage of arecanut, tractor-mounted shredder and arecanut tree climbing device were also demonstrated.

A.M. Mathew, N. Vasavan, T. Aravindakshan, Simon George, V.J. Thomas, Sankar Bhat, V.V. Chandran, Govinda Prasad, Raghava Gowda, Soman, Sudharma Babu, K.C. Ravindran, Ramkishor, A. Natarajan, and Prajwalkumar, farmers, attended.

Date:01/03/2011 URL: http://www.thehindu.com/2011/03/01/stories/2011030154410500.htm

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Three-day photo exhibition by Forest Department begins

Staff Correspondent

It is to mark International Year of Forests

Chitradurga: A three-day photo exhibition, organised by the Department of Forests to mark the International Year of Forests, began at the Scouts and Guides building here on Monday.

As many as 400 photographs taken by amateur photographer D. Nagaraj are displayed at the exhibition titled ‘

Then and now', which showcases the flora and fauna of the Jogimatti forest range.

Speaking to presspersons, Deputy Conservator of Forests Srinivasalu said the event was aimed at dispelling the misconception among people that only deforestation was going on in forests. “ I do admit that deforestation is taking place. But there are places where the forest has been developed widely, and efforts are on to preserve the ecology.

The Jogimatti forest range is a classic example,” he said.

Claiming that the forest area in the State had grown in the past four decades, Mr. Srinivasalu said the department wanted to prove this through photographic and scientific evidence.

This was done by collecting old photographs of the Jogimatti forest from Mr. Nagaraj and he was asked to take photos of the same sites at present. Mr. Nagaraj had been photographing the forest since 1986.

“By looking at the photographs, one can identify the difference between the past and the present status of the forest,” he said.

The department has also displayed satellite images of the forest taken by the National Remote Sensing Agency between 1973 and 2005.

Speaking to The Hindu, Mr. Nagaraj said it was a difficult task to collect old photos and visit the same spot to capture its recent images. “It took me around six months to visit the same place in the old photograph to get pictures,” he said.

Date:01/03/2011 URL: http://www.thehindu.com/2011/03/01/stories/2011030155190700.htm

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‘Take up ornamental fish breeding'

Staff Correspondent

BIJAPUR: The Fisheries Research and Information Centre here will play a crucial role in improving the economic status of farmers in the district, Nagthan MLA Vittal Katakdond has said.

Speaking after inaugurating a seminar on ‘Inland fishery' organised by the Karnataka Veterinary, Animal and Fisheries Sciences University and the information centre here on Monday, Mr. Katakdond said farmers could take up breeding of ornamental fishes.

Vice-Chancellor Suresh Honnappagol said that the centre aimed to create awareness among farmers on how to earn additional income.

Date:01/03/2011 URL: http://www.thehindu.com/2011/03/01/stories/2011030151150200.htm

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‘Use funds for higher farm productivity'

Special Correspondent

MANGALORE: Walter D'Souza, Chairman, Federation of Indian Export Organisations (FIEO) said that the allotment in the budget of Rs. 17,857 crore for agriculture should be used for increasing farm productivity.

Mr. D'Souza said in a release that it should be directed at creating value addition for the agro industry. For decades, the State Government and the Centre had been providing sops to farmers. But this did not change the economic status of farmers as a major share of the money did not reach the beneficiaries. Poverty alleviation required better productivity and value addition.

Airport

A major part of the Rs. 15 crore earmarked for the Mangalore airport should be used to make the air cargo complex a reality, said the release.

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PASIC's failure to supply fertilizers increases cost

Sruthisagar Yamunan

17000 tonnes demand projection given by it is an "underestimation"

"For a bag of urea, I paid almost Rs.60 extra as PASIC depots cannot provide even a single bag"

"We have been promised by PASIC that they will mobilise their resources and meet the demand"

PUDUCHERRY: Farmers in all four regions of the Union Territory are now facing a marked increase in their cost of cultivation owing to the failure of the Puducherry Agro Service and Industries Cooperation Limited (PASIC) in meeting the demand for fertilizer. They say they are being forced to turn to private distributors who sell fertilizers at prices higher than the Maximum Retail Price (MRP).

As per the policy of the territorial government, 50 per cent of the total fertilizer allotment made by the Central Government is earmarked for PASIC, which is the only public sector institution involved in distribution of agricultural inputs. This policy was formulated as a "market intervention measure" to ensure that the farmer was provided with the required fertilizers at

MRP. Owing to the presence of PASIC in the market, private distributors were also forced to sell fertilizers at actual price in order to meet the competition.

Statistics provided by PASIC revealed that though faced with a demand of 17,000 tonnes for the year 2010-2011, it had procured just over 5,700 tonnes as on February, resulting in a deficit of about 11,300 tonnes.

Even during seasons of high demand, such as between October and January, it failed to improve its supply and maintained a stock deficit of over 60 per cent.

Extra input cost

According to Abdul Hai, a farmer at Katterikuppam village in Mannadipet commune, input cost for paddy cultivation has seen an increase of 8 to 10 per cent in the last season owing to the exorbitant prices at which private dealers sell fertilizers.

“For a bag of urea, I paid almost Rs.60 extra this season as PASIC depots could not provide us even a single bag. Add the cost of other fertilizers such as Diammonium Phosphate and the total cost of cultivation go up by more than Rs.600,” he said.

Officials at the Agriculture Department said that even the 17000 tonnes demand projection given by PASIC was an “underestimation” and that the actual demand could be anywhere near 35000 tonnes. This puts their stock deficit at over 85 per cent of the demand.

Diversification

They also said that one of the primary reasons for the current state of PASIC was its attempt to diversify into areas such as textiles and sale of firecrackers, neglecting the primary role of providing input services to the farmers.

“By venturing into textiles, they had to recruit more personnel and divert the funds marked for input distribution towards salary disbursal. Therefore, they faced an acute shortage of funds in lifting fertilizer stock during the current year,” said a senior official.

Secretary to Government (Agriculture) Hage Kojeen said that PASIC diversified its operations “without providing any information” to the Agriculture Department. Though a revolving fund of

Rs.3 crore was provided to tide over the fund crunch it was facing in 2009-2010, the amount was utilised for purposes “other than agriculture inputs services.”

Assurance

“We have been promised by PASIC that they would mobilise their resources and meet the demand,” he said and added that he could not interfere in its internal workings as it had a chairperson and an independent management.

Date:01/03/2011 URL: http://www.thehindu.com/2011/03/01/stories/2011030151070200.htm

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Bid to support farmers in getting remunerative prices

Special Correspondent

Minister inaugurates new Kisan Bhavan in Tonk

JAIPUR: Rajasthan Minister of State for Agricultural Marketing Gurmeet Singh Kunnar inaugurated the newly-built Kisan Bhavan in Tonk on Monday for providing facilities and support to farmers in getting remunerative prices for their produce.

The new building, constructed at a cost of Rs.12 lakh, is located in Krishi Upaj Mandi on the outskirts of Tonk district town. Mr. Kunnar suggested that a committee be formed at the mandi to do away with middlemen and ensure the sale of farm produce at appropriate prices.

Tonk MLA Zakia, Deoli-Uniara MLA Ramnarain Meena, Newai MLA Kamal Bairwa, Tonk Zila Pramukh Kalli Devi Meena and Krishi Upaj Mandi chairman Ramniwas Gujjar were present.

Mr. Kunnar affirmed that the State Government was sensitive to the needs of agriculturists and was taking a number of steps for their welfare. A suggestion was made on the occasion for establishing crop insurance units in villages to ensure direct access of farmers to the credit delivery system.

Date:01/03/2011 URL: http://www.thehindu.com/2011/03/01/stories/2011030154940600.htm

Chandy hails farm proposals

Special Correspondent

Thiruvananthapuram: The Congress has welcomed the Union Finance Minister Pranab Mukherjee's budget proposals for 2011-12 especially with regard to agriculture.

In a statement here on Monday, Leader of the Opposition Oommen Chandy said the special focus on agriculture would help reduce the gaps in fast-paced developments.

The proposals would ensure more investment in the infrastructure sector. Welcoming the pro-people proposals in the budget, Mr. Chandy said higher allocation for food subsidy and agriculture loans, reduction of farm interest rates and other social measures and the Rs.3,000-crore allocation for the handloom sector would create a security wall for backward sections and regions.

Mr. Chandy said the budget had done justice as far as Kerala was concerned. The grant amounts for an off-campus centre of Aligarh Muslim University and Veterinary University of Rs. 50 crore and Rs. 100 crore respectively deserved special mention. Central public undertakings have also received higher allocation, he said.

‘People's budget'

Kerala Pradesh Congress Committee president Ramesh Chennithala termed the budget a ‘people's budget' as it focussed on several welfare measures aimed at the poorer sections.

He welcomed the budget proposals focussed on the development of the agriculture sector. These proposals will help in increasing agriculture productivity, he added.

hindustantimes

Reuters

Mumbai, February 28, 2011
First Published: 11:39 IST(28/2/2011)
Last Updated: 16:09 IST(28/2/2011)

Fertiliser co shares rise 3-5% on new urea policy comment

Shares of fertiliser companies rose between 3 and 5% after federal finance minister Pranab Mukherjee in his budget speech said that a new fertiliser policy for urea was being actively considered.

Shares of Nagarjuna Fertilizers, Coromandel International, Tata Chemicals and Rashrtiya Chemicals and Fertilizers were trading up 3% to 5% in a firm Mumbai market.

http://www.hindustantimes.com/StoryPage/Print/667747.aspx

New Delhi, February 28, 2011
First Published: 10:48 IST(28/2/2011)
Last Updated: 12:35 IST(28/2/2011)

Pranab presents Budget, says economy to grow by 9% in 2011-12

India's economy will revert to the pre-crisis growth level of 9 per cent in the next financial year. "The Indian economy is expected to grow at 9 per cent with outside band of (+/-) 0.25 per cent in 2011-12, " Finance Minister Pranab Mukherjee said while unveiling the Budget proposals for 2011-12.He said the Indian economy has regained the pre-crisis growth momentum, but there is a need for adjustment in the composition in demand and supply side."We have to ensure along with private consumption revival in private investment is sustained and matches pre-crisis growth rates at the earliest," Mukherjee said.

Indian economy has already reverted to the high growth path recorded by 8.9 per cent in the first half of the current fiscal.As per the CSO data released today, in the third quarter (October-December) the country's Gross Domestic Product (GDP) grew at 8.2 per cent.In the current fiscal, the economy is expected to expand by 8.6 per cent. Even the pre-Budget Economic Survey tabled in Parliament last week expected the real GDP to grow by 9 per cent (+/-0.25) in 2011-12.For the current fiscal, the economy is expected to grow at 8.6 per cent, it said. The Indian economy had grown at a rate above 9 per cent for three consecutive years, starting 2005-06, before the global financial meltdown brought it down to 6.8 per cent in 2008-09.

http://www.hindustantimes.com/StoryPage/Print/667713.aspx

Weather

Chennai - INDIA

Today's Weather

Partly Cloudy	**Tuesday, Mar 1** Max Min 32.2º | 22.3º
Rain: 00 mm in 24hrs	Sunrise: 6:25
Humidity: 79%	Sunset: 18:17
Wind: Normal	Barometer: 1012.0

Tomorrow's Forecast

Cloudy	**Wednesday, Mar 2** Max Min 31º | 22º

Extended Forecast for a week

Thursday	Friday	Saturday	Sunday	Monday
Mar 3	**Mar 4**	**Mar 5**	**Mar 6**	**Mar 7**
30º | 23º	30º | 22º	30º | 22º	30º | 22º	30º | 22º
Partly Cloudy	Cloudy	Cloudy	Cloudy	Cloudy

THE ECONOMIC TIMES
Tue, Mar 01, 2011 | Updated 07.04AM IST

28 Feb, 2011, 05.26PM IST,ET Bureau

Kochi pista dealers welcome import duty reduction

KOCHI: The reduction in import duty of pista has been welcomed by the dealers in the Kochi market. The dealers in the state get their supplies from the markets in the metro cities like Delhi and Mumbai.

Salahudheen, partner, NKP Sons, a wholesale dealer of dry fruits in the city market said that the duty reduction would bring down the prices. “Currently we sell salted pista (with shell) at a price ranging from Rs 600 to Rs 700 per kg”, he said. For plain pista the price is as high as Rs 1000 per kg.

The reduction in customs duty would be beneficial for the consumers especially because pista has a local sales tax of 12.5 % along with badam. For other dry fruits like cashew it is only 4%. The bakeries in the state buy the product from the wholesale market in kochi.

28 Feb, 2011, 03.26PM IST,REUTERS

Oilseeds, soyoil drop on weak demand

MUMBAI: India's oilseeds and soyoil futures fell on Monday afternoon tracking weakness in overseas markets and on weak demand in the domestic spot markets, analysts said.

Lower soybean and rapeseed arrivals and fears fresh showers may hurt rapeseed crop in Rajasthan limited the downside, they said.

The north-western state of Rajasthan, the biggest producer of rapeseed, is likely to get rains in the next two days, the weather department said on Monday.

At 2:22 p.m., the U.S. soy futures were down 0.62 percent to $13.57 per bushel, while Malaysian palm was down 0.14 percent at 3,510 ringgit a tonne.

"Fundamentals are bearish for oilseed complex. Demand is weak. Overseas markets are also correcting," said Veeresh Hiremath, chief analyst with Hyderabad-based broking firm, Karvy Comtrade.

April soyoil on India's National Commodity and Derivatives Exchange (NCDEX) was 1.18 percent lower at 641.85 rupees per 10 kg at 2:24 p.m.

In the Indore spot market, soyoil fell by 1.15 rupees to 633.2 rupees per 10 kg, while soybean eased by 6 rupees to 2,416 rupees per 100 kg.

April soybean on NCDEX was down 1.17 percent to 2,454 rupees per 100 kg, while April rapeseed was down 0.89 percent to 2,885 rupees per 100 kg.

At Sri Ganganagar market in Rajasthan, rapeseed price dropped by 42 rupees to 2,738 rupees per 100 kg.

28 Feb, 2011, 03.24PM IST,PTI

Cardamom futures up 3 pc on spot demand

NEW DELHI: Cardamom futures prices rose by Rs 34.10, or 3 per cent, to Rs 1,171.50 per kg today, after speculators enlarged positions, driven by pick up in demand in the spot market for the ongoing marriage season.

Restricted arrivals from producing regions also supported the rise in prices.

At the Multi Commodity Exchange , cardamom for May contract rose by Rs 34.10, or 3 per cent, to Rs 1,171.50 per kg, with a trading volume of five lots, while April delivery surged by Rs 33.90, or three per cent, to Rs 1,163.80 per kg, with a business turnover of 15 lots.

The spice for March contract gained Rs 33, or 3 per cent, to Rs 1,132 per kg, with a trade volume of 45 lots.

Traders said pick up in demand in the spot market, triggered by the ongoing marriage season, mainly supported the rise in cardamom prices at futures market.

They said, restricted arrivals from southern region too supported the uptrend in prices.

28 Feb, 2011, 02.09PM IST,ET Bureau

Union Budget 2011: Edible oil industry sees no immediate impact

KOLKATA: FM's proposal in Union Budget to provide an amount of Rs 300 crore to bring in 60,000 hectares under palm oil production has not enthused the domestic edible oil industry. Though they feel that a beginning has been made to reduce India's dependence on edible oil imports but they do not see an immediate impact of this move.

Aditya Agarwal, director, Emami group of companies said: "It is wise to reduce the country's dependence on edible oil imports. But the present move will not impact much as it takes at least 6-7 years for palm oil seeds to produce fruits which are then crushed to produce oil." Incidentally, India spends nearly Rs 50,000 crore annually for importing edible oil from the international markets.

India imports nearly 90 lakh tonnes of edible oil. "Of this total imports, nearly 70 lakh tonne is palm oil. Palm oil is largely imported from Malaysia. FM has said the initiative to bring 60,000 hectares under palm oil plantation will generate 3 lakh metric tonnes of palm oil annually in 5 years. This volume is not huge to meet the growing demand of palm oil in the country," said Mr Angshu Mallik, VP (sales and marketing) at Adani Wilmar.

The domestic production of edible oil meets only about 50% of the country's demand. The gap in supply is met through imports which are often at high prices. The oilseeds production in 2010-11 is pegged at 278 lakh tonnes as against 249 lakh tonnes in 2009-10.

Mr Agarwal feels that the FM's move will trigger a series of trial and research in the palm oil sector. Added Mr P.K. Sardar, executive director at Central Organisation for Oil Industry & Trade: "There will be no imemdiate impact of FM's proposal. But the move will help farmers who will opt for palm oilseed production as their returns will improve."

Business Standard

Tuesday, Mar 01, 2011

Comment: Vivek Saraogi

Unfortunately, the farm sector has remained untouched

Business Standard / March 1, 2011, 0:02 IST

The agriculture sector in India was expecting some concrete direction from the Budget, which remained untouched unfortunately.

We needed an action to bring down the price difference between a farmer and a consumer. For example, an onion farmer gets only Rs 2 - 2.5 per kg while consumers pay Rs 25-30 per kg for the same, leaving thereby enormous room to bring down the price of other spice variety.

In case of sugar, however, cane price to farmers plus conversion cost, logistics and a marginal profit is the cost of sugar which a consumer needs to pay. Hence, this transparency requires to be adopted for other sectors including foods and vegetables also.

The budget required to tackle this deficiency to bring down the food cost and thereby, food inflation which the finance minister did not look into. We have been talking about entry of foreign institutional investors (FIIs) in retail which may bring some transparency. The government should open organised sector players in food sector also. But, where is action ? Although, raising income tax exemption limit for individual from Rs 1.6 lakh to Rs 1.8 lakh was a good news, yet a number of areas are still there that required the government's urgent attention.

THE HINDU Business Line

Budget moves to plug structural concerns on inflation management

Women working at a food processing unit at Auroville in Puducherry. (file photo)
New Delhi, Feb. 28:

With inflation continuing to be one of the key concerns on the policy front, the Finance Minister, Mr Pranab Mukherjee, announced a doubling up of efforts to address structural concerns on inflation management.

The removal of production and distribution bottlenecks for fruits and vegetables, milk, meat, poultry and fish will be the focus of attention this year, Mr Mukherjee announced in Budget 2011-12.

As a step in this direction, he proposed a full excise duty waiver for equipment used in the food and agro processing industry — including air-conditioning equipment and conveyor belt systems that form part of the coal chain infrastructure in the agricultural, dairy and poultry sectors.

Besides, “fast tracking” augmentation of storage capacity through private entrepreneurs and warehousing corporations, capital investment in creation of modern storage capacity in the eligibility criterion for viability gap funding from the Finance Ministry has been announced.

Admitting in his speech that inflation remained a key concern, Mr Mukherjee exuded confidence that the monetary policy measures taken by the RBI should lead to moderation in inflation numbers in the coming months.

Mega food parks

Other steps taken to address inflation concerns in the medium-to-long term include approvals for 15 new Mega Food Parks during 2011-12, an allocation of Rs 400 crore for improving rice-based cropping system in the Eastern region and another Rs 300 crore to promote 60,000 pulses villages in rainfed areas.

Besides, Rs 300 crore has been provided to bring 60,000 hectares under oil palm plantations, which is expected to yield about 3 lakh tonnes of palm oil annually in five years, he said.

Further, budgetary allocations for the implementation of vegetable initiative to provide quality vegetables at competitive prices, a scheme for promoting higher production of millets such as bajra, jowar, ragi and another to promote animal-based protein production through livestock development, dairy farming, piggery, goat rearing and fisheries, were announced.

Allocation for an Accelerated Fodder Development Programme, which is slated to benefit farmers in 25,000 villages and benefit the dairy industry, was also announced.

Mr Mukherjee also said that in view of recent episode of inflation, State Governments needed to “review and enforce” a reformed Agriculture Produce Marketing Act.

Retail prices of fertilisers set to be hiked after May

Fertiliser subsidy in Rs crore

	Domestic Urea	Imported Urea	Non-Urea Fertilisers	Total (Cash)	Bonds	Total (Inc. Bonds)
2003-04	8521	0	3326	11847	0	11847
2004-05	10243	494	5142	15879	0	15879
2005-06	10653	1711	6596	18460	0	18460
2006-07	12650	3274	10298	26222	0	26222
2007-08	12950	6606	12934	32490	7500	39990
2008-09	17969	10079	48555	76603	20000	96603
2009-10	17580	4603	39081	61264	0	61264
2010-11*	15981	5500	28500	49981	0	49981
2010-11+	15080	6396	33500	54976	0	54976
2011-12*	13308	6983	29707	49998	0	49998

*Budget Estimate; +Revised Estimate.

New Delhi, Feb 28:

Farmers can expect a hike in retail prices of fertilisers after May, when elections to the crucial State assemblies of Tamil Nadu, West Bengal, Kerala and Assam get over.

The reason for this is simple. The 2011-12 Union Budget has provided just Rs 49,997.87 crore as subsidy payable to fertiliser companies, which includes Rs 13,308 crore on domestically manufactured urea, Rs 6,983 crore on imported urea and Rs 29,706.87 crore on other fertilisers.

This is lower than the Rs 54,976.68 crore in the revised estimates and only marginally higher than the budgeted Rs 49,980.73 crore for the current fiscal. This, when international prices of fertilisers are now ruling way above the benchmark levels used to compute nutrient-based subsidy (NBS) rates on nitrogen (N), phosphorous (P), potassium (K) and sulphur (S).

For determining the NBS rates payable on various non-urea fertilisers – linked to their individual nutrient composition – from April 1, 2010, the benchmark landed price of urea (for N) was taken at $310 a tonne, with these being $500 a tonne for di-ammonium phosphate (DAP, for P), $370 a tonne for muriate of potash (MOP, for K) and $190 a tonne for sulphur (for S).

As against this, urea is currently importable only at about $400 a tonne (cost & freight). The corresponding landed prices are $625 for DAP, $420 for MOP and $220 for sulphur. Even imports of phosphoric acid – a key intermediate for manufacture of DAP – are now taking place at roughly $830 a tonne, compared with $775 a year ago. The indicative landed rates are still higher at $920-950 for the April-June 2011 quarter, for which contracts are being envisaged.

Given this picture, there are only two options for the Centre. The first is to raise the NBS rates to reflect the actual prevailing global prices. That would obviously entail a higher subsidy outgo, put in the region of Rs 75,000 crore. But as the Budget has not made any extra provision, it leaves only the second option of increasing the retail prices charged to farmers.

“Since the State elections are happening in May, the hikes are likely to happen only after that. It may not be too late then because the kharif plantings start from mid-June and fertiliser sales also take place around that time”, sources pointed out.What about sops such as according infrastructure status to investments in fertiliser production? The Finance Bill has proposed 100 per cent tax deduction under Section 35AD of the Income Tax Act on capital investments in both greenfield projects as well as brownfield expansions undertaken after April 1, 2011.

“This incentive has no meaning without a new fertiliser investment policy, which itself is not possible unless companies enjoy leeway in pricing their product. There is nothing in the Budget on this, apart from a general statement by the Finance Minister that the extension of the NBS regime to cover urea is under the Government's active consideration”, the sources added.

Fertilisers: Lower budgeted subsidies dilute positives

A farmer applying fertiliser to paddy, in Coimbatore. (file photo)

February 28, 2011:

Fertiliser stocks which notched up 4-5 per cent gains during the initial part of the Budget presentation had lost much of their sheen by market close on Monday. The actively traded Chambal Fertilisers, Coromandel International and Nagarjuna Fertilisers closed the day with declines in price. This stock market reaction is justified as the budget has failed to address the key near-term concern for most listed fertiliser producers – the spiralling costs of inputs – which would have required much higher subsidy allocations by the government for 2011-12. The budget documents reveal that though both input costs and import prices of fertilisers have shot through roof in recent times, the fertiliser subsidy for 2011-12 (at Rs 49,998 crore) has actually been pegged lower than the revised estimates for 2010-11 (Rs 54,976 crore).

As it is unlikely that the volume of fertilisers consumed this year will be lower than last year, the government obviously expects players either to make do with lower subsidies or higher selling prices. With inputs for major fertilisers pegged to oil-linked inputs such as naphtha, LNG and ammonia, the recently announced rates of subsidy for complex fertilisers for 2011-12 already fall short.

NBS: a minus for urea

Though it is much-awaited, the introduction of nutrient-based subsidy (NBS) for urea, too is unlikely to be immediately positive for urea producers. First, it is likely to force a uniform cost structure on urea producers who today have widely varying costs owing to different feedstock (naphtha, gas and LNG). It is also likely to do away with the artificially low urea selling prices and tilt fertiliser consumption away from urea and towards phosphatic and complex fertilisers, to help balanced fertilizer use.

In the absence of clarity about crucial facets of their operations- the subsidy mechanism, selling prices and whether their costs will be covered in full for the coming fiscal- it is doubtful if fertiliser producers will hasten to line up new capital expansion plans. Seen in this light, the various incentives doled out by the government for encouraging capital investments in the fertiliser sector – the infrastructure status for capital investments, investment-linked incentives, etc – may be of limited use to players for now.

Cash transfers

The one budget proposal that can solve all of the fertiliser industry's complex problems is the intention to move to direct cash transfers for all major subsidies. Such a move would completely do away with the current complications for the fertiliser producers, caused mainly by routing fertiliser subsidies through the industry. Direct transfers would allow fertiliser makers to freely price their products, force them to adopt the most efficient cost structures and feedstock, develop a greater degree of global competitiveness and stick to the products that are most in demand, instead of those that can beget the maximum subsidy. However, direct cash transfers for delivering fertiliser subsidies have been talked about for quite a few years now and it would be premature to react to this development based on just a statement of intention.

Oilseeds sector says allocation should have been higher

Hyderabad, Feb. 28:

Mr Sushil Goenka, President, SEA

The Solvent Extractors Association of India said the oilseeds sector is “disappointed' with the Budget. “The oilseeds production in the country is stagnant at around 26 million tonnes and productivity at 950 kg/hectare. Last oil year (2009-10), India imported 92 lakh tonnes of vegetable oils at a cost of over Rs 35,000 crore. In the current year, we will be forced to import 90 lakh tonnes. Hence this sector needs bigger budgetary allotment,” Mr Sushil Goenka, President of the association, said.

Mr S Sivakumar, Chief Executive Officer of ITC (Agri Businesses)

Budgetary allocation to the hitherto overlooked segments of agriculture sector – coarse cereals, fodder development, pulses, oil palm and vegetable supply chains near urban centres is a welcome change. Although the amounts are small, this allocation signals the all important shift in Government's thinking.

An additional subvention of 1 per cent over and above the current 2 per cent, to farmers repaying short term agri loans on time, will not only reduce their interest burden, but will go a long way towards improving the credit repayment culture in the post-loan-waiver scenario.

Mr D. Narain, India Region Lead – Monsanto (India)

It will be important for the Government to focus on both short term and long term measures to tackle the rising demand and stagnant production in the agricultural sector. Increasing the agricultural credit limit to Rs. 4,75,000 crore for farmers, the interest subvention to farmers paying their loans on time and capital infusion to NABARD are progressive steps. The subsidy in the fertiliser sector and reduction in customs duty on micro-irrigation products will also boost agri-productivity.

Encouragement of private investment in agro processing, improvement of supply response in the agriculture sector, investing Rs 7,860 crore in farm development, 3 per cent interest subsidy to farmers and other additional provisions towards food development and production are aspects that positively contribute for the sector.

Mr P Chengal Reddy, President of Consortium of Indian Farmers' Associations

The Union Government has finally recognised the urgency of agriculture. Measures to increase investments in the sector, particularly in food processing industry, horticulture and millets would go a long way in improving the sector

For long they have neglected the sector and last few years budgets were quite disappointing. Now they have at least initiated measures to change the course for good.

Dr. Raju Barwale, Managing Director, Mahyco Research

The union budget announcements have recognised the role of agriculture and allied sectors in raising food productivity, conserving the available resources and containing food inflation by ensuring long term food security.

Boosting crop cultivation in untapped areas through support for higher crop productivity and promoting cultivation in rain fed areas will go a long way in preparing a strong foundation for Indian agriculture in sustainable practices.

Short-term measures will not be sufficient to contain rising food prices and can often force people to cut back on their basic food needs.

Anil Kumar V Epur – Chairman (Task Force on Agriculture) of CII AP

We give 7 on 10 point scale with regard to agriculture in the Budget. It speaks on measures how to increase production, while encouraging micro irrigation, Mega Food Parks and credit intake. But the short coming is there no long-term plan. Also it doesn't speak on domestic transport of agricultural commodities.

Mr Y.Sivaji, honorary president of AP Tobacco Growers' Association

“Even though the Finance Minister has vast experience, he has not made any earnest attempt to address the basic problems plaguing the agricultural and rural sector in the country. For instance, even though the Finance Minister has hiked agricultural credit from Rs. 3,75,000 crore to Rs. 4,75,000 crore, it will not really percolate to the needy farmers in rural areas. Many banks are closing down rural branches. As many as 5,000 branches have been closed. The credit meant for the farm sector is diverted to other schemes in many ways,” he said.

He felt that banks were not providing adequate, timely credit to the farmers and the credit meant for the sector was being cornered by the manufacturers of farm equipment and other sections. The credit, he said, was being diverted to the Government schemes, Nabard-sponsored schemes and also to micro finance institutions who were lending to the rural poor at exorbitant rates of interest.

Dairy sector sees flush in fodder development plan

Chennai, Feb. 28:

The plans to launch a National Mission for Protein Supplements and the Accelerated Fodder Development Programme will give the livestock sector, particularly dairy industry a much needed support.

Mr R.G. Chandramogan, Chairman and Managing Director, Hatsun Agro Product Ltd, a market leader and largest private sector dairy in India, welcomed the steps to encourage fodder development for supporting the output of milk. Measures to encourage cold chain infrastructure is another positive feature in the budget.

However, the industry had been hoping for priority sector status for lending to dairy units. The budget does not provide for this facility as expected. This is disappointing, he said.

Fodder availability is a key concern in the backdrop of shrinking land availability.

A concerted effort for fodder development is a welcome move that will give a fillip to the industry. However, for effectiveness, proper implementation of both programmes, fodder development and mission on protein supplements the ground level holds the key.

“The provisions to support cold chain infrastructure is a welcome feature which also signifies the Government's recognition that this is an essential infrastructure rather than a luxury. This change in attitude is a welcome move,” he said.

Rs 300-cr allotment cheers oil palm farmers

Visakhapatnam/Hyderabad, Feb 28:

Mr Prasad, an engineering graduate, gave up his job to take up oil palm farming near Eluru in Andhra Pradesh's West Godavari district. But he is one of the farmers who is dejected that oil palm plantation isn't remunerative. Mr Prasad is one of those who seeks technical and support for cultivating oil palm.

So, when the news of the Government's allocation of Rs 300 crore in the Union Budget was announced, he was happy, terming it as “a welcome and heartening feature”.

“The Union Government should focus more on research and development rather than area expansion only,” said Mr Prasad. Andhra Pradesh leads in the country in oil palm cultivation and within the State, West Godavari district tops.

The Centre had introduced the oil palm crop on a pilot basis in the nineties and subsequently many small farmers took up cultivation, attracted by the subsidy component.

They are now facing a number of problems and there are no R&D solutions available, even though the Government has established a national research centre on oil palm near Eluru. “We need practical, workable solutions at the farm level. Research must reach the farm,” Mr Prasad said.

Small farmers do not have the resilience to withstand price fluctuations and “the Government should take steps to help them.”

Irrigation subsidy

There is also a demand to revise guidelines to extend subsidy on drip irrigation to 15 acres instead of five acres.

“Oil palm needs drip and sprinkler irrigation. Subsidy for oil palm cultivation is given for 15 acres, but a ceiling of Rs 50,000 has been set for drip irrigation subsidy. That is sufficient only for five acres. It should now be enhanced in view of the increased budgetary allocation,” Mr Prasad said.

Mr O.P. Goenka, Technical Director of Foods, Fats and Fertiliser, said that the initiative to encourage oil palm cultivation would go a long way to reduce India's dependence on imports for the oil.

“More than 10 lakh hectares of land has been identified as suitable for palm cultivation, as against which we hardly have one lakh hectares under coverage. With each hectare having the potential to yield between 3.5 and 4.5 tonnes of oil, we can bring down our imports and save foreign exchange,” he said.

At present, it is roughly estimated that two lakh hectares of land is under oil palm cultivation in the coastal districts of Andhra Pradesh, with West Godavari accounting for 42,000 hectares, the lion's share.

Pricing issues

One of the main problems faced by farmers is the price fluctuations of fresh fruit bunches (FFBs) of oil palm, fixed by the State Government on the basis of international crude palm oil prices.

Farmers also complain that they are encountering problems in growing inter crops in oil palm to increase the returns and make the cultivation sustainable.

Major thrust to farm sector

THE HINDU More credit: The target of credit flow to the farmers raised from Rs 3,75,000 crore this year to Rs 4,75,000 crore in 2011-12.

February 28, 2011:

Agriculture development is central to our growth strategy. Measures taken during the current year have started attracting private investment in agriculture and agro-processing activities. This process has to be deepened further.

In the Budget for 2010-11, I had delineated a four-pronged strategy covering agricultural production, reduction in wastage of produce, credit support to farmers and a thrust to the food processing sector. These initiatives have started showing results but there are other issues in our food economy that require attention. The recent spurt in food prices was driven by increase in the prices of items such as fruits and vegetables, milk, meat, poultry and fish, which account for more than 70 per cent of the WPI basket for primary food items. Removal of production and distribution bottlenecks for these items will be the focus of my attention this year.

I propose to make allocations for these schemes under the ongoing Rashtriya Krishi Vikas Yojana (RKVY) for an early take off. The total allocation of RKVY is being increased from Rs 6,755 crore in 2010-11 to Rs 7,860 crore in 2011-12.

Bringing Green Revolution to Eastern Region

The Green Revolution in Eastern Region is waiting to happen. To realise the potential of the region, last year's initiative will be continued in 2011-12 with a further allocation of Rs 400 crore. The programme would target the improvement in the rice based cropping system of Assam, West Bengal, Orissa, Bihar, Jharkhand, Eastern Uttar Pradesh and Chhattisgarh.

Government's initiative on pulses has received a positive response from the farmers. As per the second advance estimates, a record production of 165 lakh tonnes of pulses is expected this year as against 147 lakh tonnes last year.

While consolidating these gains, we must strive to attain self-sufficiency in production of pulses within next three years. I propose to provide an amount of Rs 300 crore to promote 60,000 pulses villages in rainfed areas for increasing crop productivity and strengthening market linkages.

Promotion of Oil Palm

The domestic production of edible oil meets only about 50 per cent demand. The gap in supply is met through imports, which are often at high prices due to the quantum of our requirement. Our recent interventions and good rains are expected to result in a higher oilseeds production of 278 lakh tonnes in 2010-11 as against 249 lakh tonnes in 2009-10.

To achieve a major breakthrough, we have to pay special attention to oil palm as it is one of the most efficient oil crops. I propose to provide an amount of Rs 300 crore to bring 60,000 hectares under oil palm plantation, by integrating the farmers with the markets. The initiative will yield about 3 lakh metric tonnes of palm oil annually in 5 years.

Initiative on Vegetable Clusters

The growing demand for vegetables has to be met by a robust increase in the productivity and market linkage. An efficient supply chain, to provide quality vegetables at competitive prices will have to be established. I propose to provide an amount of Rs 300 crore for implementation of vegetable initiative to set in motion a virtuous cycle of higher production and incomes for the farmers. To begin with, this programme will be launched near major urban centres.

While we ensure food for all, we must also promote balanced nutrition. Bajra, jowar, ragi and other millets are highly nutritious and are known to possess several medicinal properties. The availability and consumption of these Nutri-cereals is, however, low and has been steadily declining over recent years. A provision of Rs 300 crore is being made to promote higher production of these cereals, upgrade their processing technologies and create awareness regarding their health benefits. This initiative would provide market-linked production support to ten lakh millet farmers in the arid and semi-arid regions of the country. The programme would be taken up in 1,000 compact blocks covering about 25,000 villages. This will help improve nutritional security and increase feed and fodder supply for livestock.

National Mission for Protein Supplements

The consumption of foods rich in animal protein and other nutrients has risen of late, with demand growing faster than production. The National Mission for Protein Supplements is being launched in 2011-12 with an allocation of Rs 300 crore. It will take up activities to promote animal-based protein production through livestock development, dairy farming, piggery, goat rearing and fisheries in selected blocks.

Adequate availability of fodder is essential for sustained production of milk. It is necessary to accelerate the production of fodder through intensive promotion of technologies to ensure its availability throughout the year. I propose to provide Rs 300 crore for Accelerated Fodder Development Programme which will benefit farmers in 25,000 villages.

Hon'ble Members may be curious as to why all these new initiatives are being launched with an allocation of Rs 300 crore. Well, the number 3 happens to be my lucky number!

National Mission for Sustainable Agriculture

While the need to maximise crop yields to meet the growing demand for food grains is critical, we have to sustain agricultural productivity in the long run. There has been deterioration in soil health due to removal of crop residues and indiscriminate use of chemical fertilisers, aided by distorted prices.

To address these issues, the Government proposes to promote organic farming methods, combining modern technology with traditional farming practices like green manuring, biological pest control and weed management.

Agriculture Credit

To get the best from their land, farmers need access to affordable credit. Banks have been consistently meeting the targets set for agriculture credit flow in the past few years. For 2011-12, I am raising the target of credit flow to the farmers from Rs 3,75,000 crore this year to Rs 4,75,000 crore in 2011-12. Banks have been asked to step up direct lending for agriculture and credit to small and marginal farmers.

The existing interest subvention scheme of providing short term crop loans to farmers at 7 per cent interest will be continued during 2011-12. In the last budget, I had provided an additional 2 per cent interest subvention to those farmers who repay their crop loans on time. The response to this scheme has been good. In order to provide further incentive to these farmers, I propose to enhance the additional subvention to 3 per cent in 2011-12. Thus, the effective rate of interest for such farmers will be 4 per cent per annum.

In view of the enhanced target for flow of agriculture credit, I propose to strengthen Nabard's capital base by infusing Rs 3,000 crore, in a phased manner, as Government equity. This would raise its paid-up capital to Rs 5,000 crore. To enable Nabard refinance the short-term crop loans of the cooperative credit institutions and RRBs at concessional rates, I propose a contribution of Rs 10,000 crore to Nabard's Short-term Rural Credit Fund for 2011-12 from the shortfall in priority sector lending by Scheduled Commercial Banks.

Despite growing production of vegetables and fruits, their availability is inadequate due to bottlenecks in retailing capacity. An estimated 40 per cent of the fruit and vegetable production in India goes waste due to lack of storage, cold chain and transport infrastructure. To address these issues, the Eleventh Plan target for number of Mega Food Parks was set at 30. So far, 15 such parks have been sanctioned. During 2011-12, approval is being given to set up 15 more Mega Food Parks.

Storage Capacity and Cold Chains

The years 2008 to 2010 saw very high levels of foodgrain procurement. On January 1, 2011, the foodgrain stock in Central pool reached 470 lakh tonnes, 2.7 times higher than 174 lakh tonnes on January 1, 2007. The storage capacity for such large quantities requires augmentation. Process to create new storage capacity of 150 lakh tonnes through private entrepreneurs and warehousing corporations has been fast tracked. Decision to create 20 lakh tonnes of storage capacity under Public Entrepreneurs Guarantee (PEG) Scheme through modern silos has been taken. While we will be able to add about 2.6 lakh tonnes of capacity by March 2011, based on existing sanctions, the addition will reach 40 lakh tonnes by March 2012. During 2010-11, another 24 lakh tonnes of storage capacity has been created under the Rural Godown Scheme.

Investment in cold storage projects is now gaining momentum. During this year, 24 cold storage projects with a capacity of 1.4 lakh tonnes have been sanctioned under National Horticulture Mission. In addition, 107 cold storage projects with a capacity of over 5 lakh tonnes have been approved by the National Horticulture Board.

To attract investment in this sector, henceforth, capital investment in the creation of modern storage capacity will be eligible for viability gap funding scheme of the Finance Ministry. It is also proposed to recognise cold chains and post-harvest storage as an infrastructure sub-sector.

Largesse for the farming community

THE HINDU GOOD NEWS: The Government today announced loans at interest rate of four per cent — three per cent less than the market rate — for farmers who pay their dues in time. PHOTO N. Rajesh

New Delhi, Feb. 28:

In a bonanza to the farming community, the Government today announced loans at interest rate of four per cent — three per cent less than the market rate — for farmers who pay their dues in time and raised the credit target for farm sector by Rs 1 lakh crore.

"The existing interest subvention scheme of providing short-term crop loans at seven per cent interest rate will continue during the 2011-12 fiscal," the Finance Minister, Mr Pranab Mukherjee, said in Budget proposal

He also said credit target for the agriculture sector has been increased by Rs 1 lakh crore to Rs 4,75,000 crore.

Also, banks have been asked to focus on farm credit lending to small and marginal farmers, he added.

"In the last Budget, I had provided an additional two per cent interest subvention to those farmers who repay their crop loan on time. In order to provide further incentive to these farmers, I propose to enhance the additional subvention to three per cent in 2011-12. The effective rate of interest for such farmers would be four per cent," he said.

Faced with high food inflation and the country's dependence on import of pulses and edible oil, the Finance Minister also announced various schemes for promoting production of vegetables, pulses, oilseeds, fodder and nutrition-rich crops such as millets and maize.

Direct cash subsidy on fuel, fertilisers by March 2012

New Delhi, Feb 28:

Concerned over the misuse of subsidies provided under various schemes, the Finance Minister, Mr Pranab Mukherjee, has said the Government will provide a direct cash subsidy on kerosene and fertilisers to the poor from March next year.

"... To ensure greater cost efficiency and better delivery of both kerosene and fertiliser, the Government will move towards direct transfer of cash subsidy for people below poverty line (BPL) in a phased manner," Mr Pranab Mukherjee said today during his presentation of the Budget 2011-12.

The system will be in place by March 2012, he said.

A task force headed by Mr Nandan Nilekani is working out the modalities for the proposed system of direct transfer of subsidy for kerosene, LPG and fertilisers. "The interim report of this task force is expected by June this year," the Finance Minister said.

At present, the Government provides kerosene at subsidised rates to families living below the poverty line through the Public Distribution System (PDS). Furthermore, LPG is provided at a subsidised rate to households.

As regards fertilisers, the Government provides subsidy to companies so that farm inputs, which include urea and imported fertilisers, can be provided to farmers at cheaper rates.

Earlier this month, the Government set up a task force under the former chief of Infosys, Mr Nilekani, who at present is the Unique Identification Authority of India (UIDAI) Chairman. The panel also included secretaries from the ministries of finance, chemicals and fertilisers, agriculture, food, petroleum and rural development.

The need to set up the task force arose in view of “overwhelming evidence that this (current) policy is resulting in waste, leakage, adulteration and inefficiency. Therefore, it is imperative that the system of delivering the subsidised kerosene be reformed urgently,” the Government had said.

Besides designing an IT framework, the task force will align the systems with the issuance of the UID numbers and suggest changes in the administration and supply chain management.

The recommendations of the task force will be implemented on a pilot basis by the concerned ministries and the final report would include the results of such projects.