

Aim: a second green revolution

GARGI PARSAI



The Budget has recommended Rs. 500 crore for establishing a Price Stabilization Fund to check price volatility in the agriculture produce creating uncertainties and hardship for the farmers. -- Photo: K.K. Mustafah

Committing itself to a sustained growth of four per cent in the farm sector, the government on Thursday announced in its Budget a technology-driven second green revolution with emphasis on higher productivity and a “protein revolution.” However, in a year when drought is looming large on the country, farmers are disappointed that no announcement has been made regarding an Income Insurance Scheme for them. Also, no additional funds have been set aside for farmers for relief from drought conditions when kharif sowing is yet to commence. Presenting the 2014-15 Budget, Union Finance Minister Arun Jaitley, however, announced the setting up of a Price Stabilisation Fund with a corpus of Rs. 500 crore to help farmers deal with volatility, lowering of interest rate by 3 per cent on short-term crop loans for timely payment, finance to five lakh Bhoomi Heen Kisan Joint Farming Groups, soil health cards for farmers, mobile soil-testing laboratories and an Agri-Tech Infrastructure Fund. The agri-tech fund will be used to make farming competitive and profitable, step up public and private investment, develop agro-technology and modernise existing agri-business infrastructure.

Exclusive channel

A Kisan TV channel will be launched for providing real-time information on new techniques, water conservation and organic farming. “Price volatility in agriculture produce creates uncertainties and hardship for farmers. To mitigate this, I am providing a sum of Rs. 500 crore for establishing a Price Stabilisation Fund,” said Mr. Jaitley presenting his maiden Budget.

Agricultural varsities

Two more institutions on the lines of the Indian Agriculture Research Institute, Pusa, will be set up in Assam and Jharkhand. Agriculture Universities will be set up in Andhra Pradesh and Rajasthan, and Horticulture Universities in Telangana and Haryana. A fund of Rs. 100 crore has been set aside for providing every farmer a soil health card and Rs. 56 crore for mobile soil-testing laboratories. The fund for enhancing warehousing capacity has been enhanced to Rs. 5,000 crore. To accelerate setting up of a National Common Market, the Centre will work closely with the State governments to amend their respective Agriculture Produce Marketing Committee Acts, for establishment of private market yards/ private markets, Mr. Jaitley said. The State governments will also be encouraged to develop farmers’ markets in town areas to enable farmers to sell their produce directly. Funds have been allocated for development of indigenous cattle breeds and a blue revolution in inland fisheries. “This is a lot more than what we had hoped for,” Agriculture Minister Radha Mohan Singh told *The Hindu*. However, the Alliance for Sustainable and Holistic Agriculture, an NGO, said the budget had no policy directions to address farm livelihood crisis and did not take cognisance of farmers’ suicides.

Keywords: Union Budget 2014, Arun Jaitley, NDA budget, green revolution

State efforts bear fruit

R. RAVIKANTH REDDY: *Horticulture University likely to be set up at Gajwel. The new varsity will open a plethora of opportunities for students and agri-skilled professionals as Telangana is considered as one of the best climatic zones in the country for horticulture, says Dr. B. Srinivasa Rao, principal*

*scientist.*The Horticulture University announced exclusively for the Telangana region is likely to be set up near Gajwel, the constituency represented by Chief Minister K. Chandrasekhar Rao. Mr. Rao has previously sounded officials on his desire to have it in his constituency as the existing Dr. YSR Horticulture University is at Venkatramman Gudem in West Godavari district, Andhra Pradesh. It is said that a family that owns 300 acres in the area has evinced keen interest in transferring the land also. In fact, a committee constituted last year to scout a place submitted three proposals – the 203-acre piece in the Acharya N.G. Ranga Agriculture University (ANGRAU) in Rajendranagar; Food Research Station in Sangareddy and Chalgal Farm near Jagityal where an NGO owns 3,000 acres and is ready to donate the same. “Since KCR is personally interested in horticulture, he wants the varsity in his constituency,” a source, declining to be named, said. A Horticulture University was set up in 2007 after being bifurcated from the ANGRAU and renamed in 2011 as Dr. YSR Horticulture University. It has four horticulture colleges, five polytechnic colleges and three Krishi Vignana Kendras apart from 27 research stations. Of these two, each of Horticulture colleges and Polytechnics and 11 research stations are in Telangana. These will be transferred to the new University. The new varsity will open a plethora of opportunities for students and agri-skilled professionals as Telangana is considered as one of the best climatic zones in the country for horticulture, says Dr. B. Srinivasa Rao, principal scientist, Horticulture and Head, Grape Research station of Dr. YSRHU. “The soil is best in the country for vegetables and all varieties of fruits,” he says. Dr. Saidaiah Pidigam, Assistant Professor of Dr. YSRHU says Telangana and Arizona in USA are considered best for seed production in the world, and it reflects with 130 seed production companies based in Telangana.

Keywords: Telangana State efforts on Horticulture university,

‘Fertilizer subsidy hurts everyone’

MAHIM PRATAP SINGH

Pitching a strong case against the continuation of fertilizer subsidies, particularly on urea, the Economic Survey 2013-14 points out that subsidies burden leads to higher food prices while having “zero or negative” impact on agricultural output. “Urea is highly subsidised. Farmers pay approximately Rs. 5,360 per tonne, and the government pays Rs. 11,760 per tonne,” it says. “The correct proportions in which Nitrogen (N), Phosphorus (P), and Potassium (K) should be used are 4:2:1,” says the Survey. However, the skewed subsidy regime, resulting in farmers paying lesser for urea compared to phosphorus and potassium, had led to urea overuse. “As a consequence, fertilizer use in India is taking place in the ratio 8.2:3.2:1. For each unit of K, instead of 4 units of N, which are required, 8.2 units of N are being put into the soil. The incremental output of the excessive 4.2 units of N is zero or somewhat negative,” it points out. India purchases about 50 lakh metric tonnes of excess urea, leading to farmers and the government wastefully spending Rs. 2,680 crore and Rs. 5,860 crore respectively. “The distorted policy has also led to stagnation of private investment in the sector, especially in urea, and increased reliance on imports. The fertilizer subsidy hurts everyone — farmers, firms, taxpayers and consumers.”

El Nino may hit foodgrain output

GARGI PARSAI

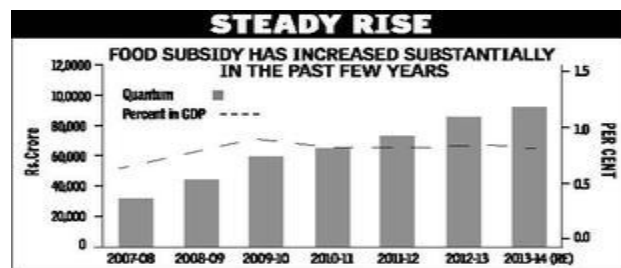
After substantial strides in agriculture production in the last few years, the likely occurrence of the El Nino will impact foodgrains output and put pressure on prices, the Economic Survey said. The extent and impact of El Nino depends on temporal and spatial distribution of rainfall. It occurs when surface temperatures in the Pacific Ocean rise above average for several months which adversely affects weather in many regions, the Survey said. With 60 per cent of the total foodgrains and oilseeds being grown in the kharif season and with just about 35 per cent of the arable area being irrigated, agriculture is still dependent on monsoon. A comparison of rainfall distribution in the last five years in 36 met sub-divisions shows that rainfall distribution is the worst this year. The Met

Department projected below normal monsoon at 93% of the long period average. Till June, rainfall is deficient by 43%. Kharif sowing has been delayed and the area planted is also lower by 43% till July 4. While the record production estimates highlight the continued robustness of the agriculture, the productivity levels of rice and wheat had not risen.

Set up national common agri market: Survey

GARGI PARSAI

Removal of market distortions will lead to greater competition



Setting agenda for marketing reforms and privatisation in agriculture and food sector, the 2013-14 Economic Survey calls for creation of a national common agriculture market by removing restrictions and bottlenecks for free trade. “Removing market distortions will create greater competition in markets, promote efficiency, growth and facilitate the creation of a national agriculture market. Parliament has the power to legislate a national market across States under the Constitution,” it says. Noting that as per the third advance estimates, this year will see record output of foodgrains at 264.4 million tonnes and oilseeds at 32.4 million tonnes, the Survey said that the country was in an anomalous situation of being largely self-sufficient in foodgrains, yet registering high food inflation. “This was due to the plethora of interventions by the UPA government which actually served as barriers to trade.” In an attempt to seek a “paradigm shift” in the role of the government in foodgrains production and distribution, the Survey favoured setting up of alternative markets initiatives like direct marketing and contract farming. In pursuance of

this goal, the government will examine all such acts and legislation that contain provisions that are restrictive and create barriers. These include the Agriculture Produce Marketing Act, Essential Commodities Act and Land Tenancy Act. The APMC Act creates cartels of buyers who possess market power, it said.

Stable trade policy

The government will also consider inclusion of agriculture-related taxes under the General Goods and Services Tax (GST) and establish a stable trade policy based on tariff interventions rather than non-tariff barriers. For generating investments in the agro-processing sector, it calls for greater incentives for the private sector.

No clarity on agriculture growth

R. KRISHNAMOORTHY



Concrete plan to improve irrigation efficiency absent: farmers

The Union Government's focus on achieving 4 per cent growth a year in agriculture has gone down well with the farming community in the district, but they wonder how that would be possible without adequate investments in research and development. While farm credit target set at Rs. 8 trillion for the 2014-15 fiscal, and setting up of long-term rural credit fund with an initial corpus of Rs. 5,000 crore would help in agricultural development, the absence of any concrete announcement on improving irrigation efficiency is disappointing, said K.V. Ponnaiyan, president of Tamil Nadu Swadeshi

Farmers' Association said. "Existing technology for water management is outdated. As in the developed countries, India ought to spend 2 per cent of the agricultural GDP on research and development for improving irrigation efficiency. At present it is just 0.7 per cent. It must at least be increased to 1.5 per cent to begin with," Mr. Ponnaiyan said, adding that the absence of seriousness in the budget for interlinking of rivers was disturbing. Representatives of the textile sector in Erode has welcomed the Centre's decision to sanction one of the six mega textile parks for Tamil Nadu. According to Ravichandran, secretary, Erode Cloth Merchant Association, the proposed textile park must be located in and around Erode so that it could draw strength from the Texvalley, the integrated wholesale textile trading centre, coming up at Gangapuram in the district. The handloom reservation law must be amended as it does not reflect the ground reality of the textile sector. Powerlooms that are being modernised under TUF scheme must be given more leverage, Mr. Ravichandran said.

Salem

A. Jayaseelan, general secretary of Salem City Chamber of Commerce expressed disappointment over non-implementation of Goods and Service Tax (GST), and allowing FDI in online business. "When we are strongly opposing FDI in multi-brand retailing, allowing FDI in online business will directly affect the traders," he added. Welcoming the reduction in excise and import duties, he said that the move would benefit the consumers and traders directly. "Overall it is a balanced budget," he said. President of Salem District Small Scale and Tiny Industries Association K. Mariappan said that the budget focus on industrial growth with a thrust on infrastructure development. But reducing the allocation for MSME from Rs. 24,000 crore to Rs. 10,000 crore is disappointing.

Keywords: Union Budget 2014-15, Budget reactions, Arun Jaitley

Chennai - INDIA

Today's Weather



Friday, Jul 11

Max Min

Cloudy

34° | 26°

Rain: 0

Sunrise: 05:48

Humidity: 84

Sunset: 06:39

Wind: normal

Barometer: 1007

Tomorrow's Forecast



Saturday, Jul 12

Max Min

Partly Cloudy

34° | 27°

Extended Forecast for a week

Sunday Jul 13	Monday Jul 14	Tuesday Jul 15	Wednesday Jul 16	Thursday Jul 17
35° 27°	35° 27°	35° 27°	35° 27°	34° 27°
Partly Cloudy	Partly Cloudy	Partly Cloudy	Partly Cloudy	Partly Cloudy

Airport Weather

Delhi

Rain: 0

Sunrise: 05:29

Humidity: 75

Sunset: 07:22

Wind: normal

Barometer: 1002



Rs 500 Crore Price Stabilisation Fund a Boost for Agriculture Sector

Finance Minister Arun Jaitley announced a slew of schemes including Rs 500 crore price stabilisation fund, Agri-Tech Infrastructure Fund, new irrigation scheme and strong credit support to give a boost to the agriculture sector in the maiden budget of the NDA government. Raising concerns over uncertainties and hardships for farmers due to food price volatility, Jaitley said the price stabilisation fund would mitigate their worries and infuse growth in the agriculture sector despite a weak monsoon. Several other sops and funds were announced including setting up of 100 mobile soil testing labs to improve soil health. Staring at the worst ever monsoon, the NDA launched a new scheme 'Pradhan Mantri Krishi Sinchayee Yojana' to mitigate drought risk. The government allocated `1,000 crore for the ambitious plan that will ensure that farm lands are fed as and when required and not entirely dependent on monsoons. The move is also aimed at strengthening food security. Jaitley said the NDA government would bring technology driven second green revolution and `100 crore was set aside for Agri-tech Infrastructure Fund, Rs 100 crore for Soil Health Card and `56 crore for 100 mobile soil testing laboratories across the country. Since climate change directly affects the farm sector, the government also proposed to establish a 'National Adaptation Fund' for climate change and initial fund of Rs 100 crore was allocated. The budget 2014 also set aside Rs 200 crore to establish agriculture universities in Andhra Pradesh and Rajasthan and horticulture universities in Telangana and Haryana. The government will also set up two state-of-the-art agriculture institutions on the lines of Indian Agricultural Research Institute, Pusa, Delhi in Assam and Jharkhand. This is first such initiative since independence and `100 crore has been set aside for two institutions in the current financial year. Jaitley also announced the proposal to launch Kisan TV with initial expenditure of `100 crore. The channel will disseminate real time information to farmers regarding new farming techniques, water conservation, organic farming, etc. Jaitley said

NDA was committed to sustain a growth of 4 per cent in agriculture and promised to ensure welfare of landless farmers. He said the government would provide finance to 5 lakh joint farming groups of “landless farmers” through government-run agency NABARD. To ensure long shelf-life of agriculture produces budget set aside Rs 5,000 crore to augment scientific warehousing infrastructure and capacity. The government has also announced a long-term rural credit fund in government agency NABARD to provide refinance support to cooperative banks and regional rural banks. The government has set aside Rs 5,000 crore, which will give a boost to long-term investment credit in agriculture. It has also provided additional Rs 5,000 crore for rural infrastructure development fund.



‘Attempts to address all facets of farming’

Gyanendra Shukla, India Region Lead, Monsanto

The Finance Minister has, laudably, called for a technology-driven second Green Revolution focused on nutrition security. Better seeds and agronomic technology, supported by effective extension services and backed up by a strong academic and effective supply chain framework can herald the much required transformation for India’s agricultural sector. The Government has attempted to address all these facets in a holistic manner. The focus on strengthening irrigation and warehousing is critical and has been given due importance. Access to credit at low rates will ensure that farmers can invest in the best inputs. The creation of soil health cards will enable farmers to make informed decisions about their crop. A price volatility fund as well as a fillip to farmer markets will enable farmers to get better remunerations and help address inflation. The increasing commitment being shown towards research and the creation of a national adaptation fund will help put in place the necessary building blocks for sustainable agriculture. The

creation of biotechnology clusters will further spur research and development in cutting-edge technology. The Government has balanced out the immediate needs of farmers in terms of financial support and knowledge development, while focussing on the future by enhancing the agricultural supply chain.

Rajesh Aggarwal, MD, Insecticides India Ltd

The government has acknowledged the need for investment in agro-technology by allocating ₹100 crore for research and development. The modern technological advancements have not penetrated the entire farming population. We hope that the reach of agriculture technology increases over the next few years. We hope this also includes focus in improving irrigation facilities to reduce our dependence on rainfall. The most positive step is the allocation of ₹5,000 crore for scientific warehousing. Lack of storage capabilities is the most glaring lacunae persisting in our agriculture sector.

MK Dhanuka, Managing Director, Dhanuka Agritech Ltd

“The announcement of the launch of Kisan TV in the Union Budget is a welcome step which will help farmers to adopt new technology and get information on real-time basis. Due to deficit rain this year, the farmers will be facing a financial crisis. With the allocation of ₹8 lakh crore for agriculture credit and also measures to strengthen the supply chain would help reduce the farmers stress and help them get better prices.

Along with this, the allocation of ₹5,000 crore for creating scientific warehousing facilities will help farmers. However, the industry requests the Minister to reduce excise duty on plant protection agrochemicals that has not been considered till now.”

500-cr price stabilisation fund proposed to help farmers deal with volatility

The Government proposes to set up a Price Stabilization Fund with a corpus of ₹500 crore to help farmers deal with volatility."Price volatility in agriculture produce creates

uncertainties and hardship for farmers. To mitigate this I am providing a sum of ₹500 crore for establishing a Price Stabilization Fund," Finance Minister Arun Jaitley presenting his maiden Budget. The farmers and consumers' interest will be further served by increasing competition and integrating markets across the country. To accelerate setting up of a National Market, the Central Government will work closely with the State Governments to re-orient their respective APMC Acts, to provide for establishment of private market yards/ private markets, Jaitley said. The State Governments will also be encouraged to develop farmers' markets in town areas to enable farmers to sell their produce directly.

Kisan TV for farmers, funds for community radios

In a bid to provide real-time information to farmers on farming techniques and organic farming among others issues, the government plans to launch Kisan TV this year. It has decided to set aside a sum of ₹100 crore for this channel. The government has also decided to allocate ₹100 crore for development of community radios in the country. This scheme will support 600 new and existing Community Radio Stations. The government has so far given permissions to 400 community radio stations. Prasar Bharati is already working on finalising the plans to launch this new channel would be named "DD Kisan", Information and Broadcasting minister Prakash Javadekar had said earlier this month. The BJP had declared before the 2014 General Elections that if voted to power, it would "explore setting up of regional Kisan TV channels." Earlier, Prasar Bharati had been deliberating whether a single agriculture channel would suffice considering the different languages in various States and regions of the country. In addition, the Film & Television Institute, Pune and Satyajit Ray Film & Television Institute, Kolkata will be accorded status of "institutes of national importance". Also to promote gaming and animation, the government will set up a and a "National Centre for Excellence in Animation, Gaming and Special Effects.

Business Standard

Agriculture & Social sectors: No breaking away from the past



Finance Minister Arun Jaitley peppered his long speech with announcements of 28 schemes and projects of Rs 100 crore each. This suggests the National Democratic Alliance had grafted a social and agriculture agenda different from the United Progressive Alliance's. However, it was a relatively low-cost trick to dazzle and distract in a year when fiscal constraints remain as worrisome. The Narendra Modi government largely continued with the social programmes from the previous decade and a half. None of the schemes from the UPA's 10 years or, for that matter, from the previous NDA regime, saw any abrupt increase or cuts. Jaitley did remember not to spend too much time on the UPA schemes. He also didn't point out that eastern Uttar Pradesh would now get a new All India Institute of Medical Sciences (AIIMS) and not Sonia Gandhi's pocket borough of Rae Bareilly. And, he did get a thumping support from his party's benches for raising agriculture credit support to Rs 8 lakh crore. The Mahatma Gandhi National Rural Employment Guarantee programme saw an increase of exactly Rs 1,000 crore over last year's budgeted allocation of Rs 33,000 crore. Which shows the government is not yet thinking of deploying it to meet any increase in demand arising out of a highly-likely drought. For the national food security law and overall food subsidy, the minister allocated Rs 115,000 crore - exactly what P Chidambaram had done in his interim budget for the year, then promising to increase it as the law got implemented. Jaitley chose not to increase it, though the law has been since implemented in some states, the deadline for

others is looming on the horizon and so is the drought. Other schemes of rural development, women and child development and the human resource development ministry continued to get fiscal support, with marginal increases in some cases. The big-ticket poll commitment of universal health care found mention in the speech but was not backed by any substantial jump or changed allocations. The overall health ministry budget went from Rs 33,278 crore to Rs 34,663 crore, with no sub-head for the free diagnostics or free drug schemes Jaitley mentioned. Experts said it was perhaps too early to see a revamp, with the government having got only 45 days to stitch the Budget. The minister did announce four more AIIMS this year, where the UPA had planned two, earmarking Rs 500 crore against these.

SOCIAL SPENDS		
Ministry/department	Amount in ₹ crore	
	RE 2013-14	BE 2014-15
Health and family welfare department	27,531	34,663
Rural development department	59,355	78,502
Women and child development	18,286	21,094
Agriculture and cooperation department	19,307	22,652
Drinking water and sanitation	12,006	15,267
Environment	2,040	2,693

The women and child development ministry got a 3.1 per cent marginal increase over its previous year's budgeted

amount of Rs 20,440 crore, though the future of its Nirbhaya Fund (for women's security) remained unclear. The finance minister allocated Rs 200 crore for women safety projects from the Rs 2,000 crore fund - the same as for the Sardar Patel statue in Gujarat, which is yet to get environmental clearance. Environment as a whole got conflated with the river Ganga, which got an ambitious Rs 2,037 for cleaning it up. But more than double the money was provided for inland transport on the river, pegged at Rs 4,200 crore. There were some sops for large solar energy projects and the wind power sector, and doubling of the clean energy cess on coal and lignite. The agriculture sector got a somewhat better deal compared to the social sector. A Rs 500 crore price stabilisation fund to tackle rising food prices was one. A Rs 1,000-crore Pradhan Mantri Gram Sinchayee Yojana to augment irrigation supplies was announced and so was Rs 100 crore for a Kisan TV channel. Research got a fillip, not agricultural extension - Rs 200 crore for agriculture

universities in AP and Rajasthan, and horticulture universities in Haryana and Telangana. Soil health cards got support and so did organic agriculture in the northeast. While announcing the intent to reform the agricultural produce market, Jaitley also gave Rs 200 crore for setting up 2,000 producers' organisations across the country and finance for 500,000 joint farming groups of the landless through the apex rural bank, Nabard. He also proposed to set up a Long Term Rural Credit Fund of Rs 5,000 crore and the Short Term Cooperative Rural Credit Refinance Fund was increased to Rs 50,000 crore. Agriculture sector will get a shot in the arm: Partha Bhattacharyya The Budget will give a boost to the agriculture sector. A healthy four per cent annual growth expectation for the sector, as well as an additional subsidy for fertilisers, will have a positive impact; it will also increase liquidity. This will help in partially solving the working capital issue for fertiliser manufacturers. Like other fertilisers, urea should also be brought under the nutrient-based subsidy scheme. It would be a good measure towards the ultimate cause of balanced fertilisation and would help in improving the produce and agri productivity of the farmers. Currently, due to the disparity in pricing between urea and other fertilisers, there is indiscriminate usage of urea, which has a huge impact on the soil-nutrient balancing. The notable allocations for the NHAI and "power for all" will create demand for coal and would be an immense growth opportunity to our technical ammonium nitrate business. The Budget also announced that advanced ruling on tax liability would be available to resident tax payers. This measure will help boost mergers and acquisitions and provide tax road map for complex transactions and avoid disputes. Good for the agriculture sector: Sameer Shah The Budget shows the government's intent and commitment in addressing some of the daunting challenges faced by the agriculture sector, which contributes about one-sixth of the country's GDP. The vision of a national market will help remove market distortions and create a level-playing field for stakeholders in addition to increasing efficiencies. India has close to 7,114 regulated markets, including 2,483 main market yards and 4,631 sub-market yards. Creating a national market for agriculture would ease out supply concerns as it would increase both buyers' access to markets and increase farmers'

realisation. The introduction of the goods and services tax will be a concrete step towards creating national agri-markets. The proposal to set aside Rs 5,000 crore for the development of scientific warehousing is a welcome step. Importantly, the 'Digital India' programme, which envisages broadband connectivity at village-level along with Kisan Television, will help in providing real-time information on various issues related to farming and agriculture.

THE FINANCIAL EXPRESS

FM reposes faith in agricultural market reforms

A free, fair and efficient primary agricultural market, with adequate infrastructure, will boost profitability of Indian farming and become an impetus for faster growth of India's agricultural derivatives market. The finance minister has given a welcome policy impetus to this strategic transformation by stressing on the need for a national agricultural market, and the use of warehousing for scientific storage and post-harvest credit. Creating a national market for agriculture across India's 7,000-odd APMC market yards will help remove market distortions, improve price discovery, create a level field for stakeholders and promote efficiency. It will widen the supply pipeline, reduce artificial shortages, and allow processors and consumers to procure from across the country, thus helping farmers realise increased returns. For two years, NCDEX has been working towards a "one state one market" framework with the Karnataka government, using NSPoT's unified market platform. It uses international best practices to offer risk management and trade fulfillment processes to farmers and traders coming to spot markets in the state. We are delighted this concept is now gaining traction at the highest levels of the central government and hope it will encourage more states to undertake similar policy reforms.

Warehousing is a vital component for the efficient functioning of modern commodity markets. In a competitive supply chain, warehouses become a hub for convergence of scientific storage solutions, post-harvest credit through negotiable warehouse receipts, pledge finance for processors, food quality testing and assaying. The proposal to set aside R5,000 crore in FY15 for development of scientific warehousing is a welcome step. The

WDRA has a long-pending demand for integration of warehouse receipts with post-harvest lending. The announcement to implement this plan with vigor should go a long way in collateralised lending and expansion of finance to farmers. This will enable farmers to also use warehouse receipts from exchange-accredited warehouses to meet working capital requirements. Returns and profitability of farmers with small and marginal holdings has been a challenge which the Budget sought to address by helping set up 2,000 farmer producer organisations. They will improve access to wider markets by aggregating their produce for cost-effective marketing. With physical infrastructure, farmers also need digital infrastructure for financial inclusion and better price information. The proposed National Rural Internet and Technology Mission and Digital India programme will provide broadband connectivity and other IT facilities at the village level. It is heartening to note that the government is planning to restructure FCI.

Firefighting on various fronts: Agri, infra, asset quality get boost

The new government has carved out a Budget that addresses concerns of all segments of the society. An attempt has been made to address the basic issues — bijli, sarak, pani, makaan and shouchalaya (BSPMS). In agriculture, which needs to grow at 4% consistently, the credit target has been raised to R8 lakh crore for FY15. With continuation of interest subvention at 3%, and a further subvention for regular repayment, crop loans will be available to farmers at 4%. For the development of rural infrastructure, the RIDF corpus has been increased to R25,000 crore. Also, the Warehouse Infrastructure Fund and Long Term Rural Credit Fund with R5,000-crore allocation each have been created. This augers well for long-term investment in agriculture. The Budget has earmarked R10,000 crore for the MSME sector, which has a huge potential to create employment. This is meant to set up a venture fund to provide for the equity requirements of such companies and is, therefore, expected to drive entrepreneurship. Allowing banks to issue long-term bonds without recourse to statutory pre-emption (CRR/SLR) for financing infrastructure is a positive step. Allowing infrastructure loans for longer periods, matching the life of the asset (25X4 structure), is a big positive. It will prevent undue stress in repayment of infrastructure loans and also reduce user charges. Bank

consolidation in a time-bound manner is a welcome move too. Setting up of six more DRTs is expected to help banks recover dues, particularly when asset quality is the number one priority. Increasing the limit on Section 80C from R1 lakh to R1.5 lakh will boost financial savings. The increase in tax-exemption limit for individuals and senior citizens will help banks mobilise more deposits. However, the increase in the PPF limit will ensure healthy competition. The government's focus on infrastructure will possibly lead to faster growth in productivity rather than consumption. This will help in a lower and stable inflation regime.

THE TIMES OF INDIA

'Opening of agriculture markets, price stability fund to help Punjab, Haryana'

Of the various announcements made for agriculture sector in the budget for 2014-15, a few would serve interests of farmers in the country's grain bowl - Punjab and Haryana, which contribute more than 50% of foodgrain to the national pool . They are likely to benefit from Rs 500 crore earmarked for price stabilization fund to tackle price volatility in marketing of agriculture produce in the Union budget. "It is a good move since it will take care of farmers getting rates lower than the minimum support price (MSP) for their produce. For instance, farmers of Punjab always complain of getting low rates for maize. Such a fund will ensure that farmers are not hurt by lower prices," said noted agri-economist P S Rangi, Punjab State Farmers Commission (PSFC). A horticulture university for Haryana is also a welcome move. "It's a good initiative, keeping in view the increasing scope for horticulture in Haryana where almost 7% of the area is under fruits and vegetables. The proposed university would help in research in food and vegetable processing technology, apart from post harvest management, especially when Haryana has a budgetary provision of Rs 300 crore for horticulture this year," said Haryana director general of horticulture Arjun Singh Saini. Finance minister Arun Jaitley has also signalled intent to expedite setting up of national market to serve interests of

both farmers and consumers for which the Centre would work closely with state governments to reorient their respective Agriculture Produce Marketing Committee (APMC) Acts. "It is the need of the hour to relook and amend the laws for agriculture marketing. If Centre insists and works with the state governments to amend the AMPC Act, it would certainly help farmers by minimizing intermediaries," said Rangi. The allocations under Pradhan Mantri Krishi Sinchayee Yojna, for which Rs 1,000 crore has been set aside, Punjab and Haryana would look to bolster their existing irrigation network, especially brick lining and repair of major canals. "Improvement in irrigation facilities certainly helps. Look at the improvement made by Gujarat, which laid stress on augmenting its canal network," Rangi said. He said that some schemes like soil health card and mobile soil testing laboratories are already being run in Punjab.

THE ECONOMIC TIMES

Budget 2014: National markets to be set up to break the monopoly of middlemen in mandis



The government will accelerate setting up of a national market so that private mandis can break the monopoly of middlemen in mandis where farmers are forced to sell their produce, the FM said, continuing his resolve to crack down on intermediaries who are blamed for rising prices. "To accelerate setting up of a national market, the central government will work closely with the states to re-orient their respective APMC Acts, to provide for establishment of private market yards and to provide for establishment of private market yards and private markets," FM Arun Jaitley said on Thursday. In another step to help farmers face price volatility, the government has decided to set up a 'Price Stabilisation Fund' with a corpus of Rs 500 cr. Food policy analyst Devinder Sharma said the fund can help end minimum support prices "Unlike in Punjab, farmers in Bihar, UP don't get assured returns on crops from the government. The fund will help them," he said.

Budget 2014: Agriculture sector gets a new lease of life



Finance Minister Arun Jaitley announced a price stabilisation fund, steps to set up a national market for farm produce, irrigation schemes, new agricultural universities as well as initiatives to increase warehousing and rural internet connectivity. Jaitley said food price volatility was a big concern, and announced a Rs 500 crore fund for farm price stabilization. He said the government wanted agriculture to grow although weak rainfall was a concern. He said state governments should encourage development of farming markets and said that national market was the way forward. The government has taken a

tough stand against middlemen in the agricultural supply chain and announced measures to ensure food prices do not rise unreasonably at various levels between the farmer and the retail customer. The government allocated Rs 100 crore to set up agriculture infrastructure fund. Further to promote agriculture and horticulture universities in Tamil Nadu, Haryana, Andhra Pradesh the government proposed to allocate Rs 200 crore. Another Rs 100 crore was proposed to set up agro technology institute in Assam and Jharkhand. With a focus to push the infrastructure sector in agriculture the government will allocate Rs 5,000 crore for increasing warehousing capacity in the country. He also said farmers Catering only to the farmer's, a kisan television will be operational by this year said Jaitley. "It will give real time information on advanced agriculture system," he said. Also the minister proposed a national rural internet and technology mission allocating Rs 500 crores. The government also proposes to provide finance to 5 lakh landless farmers through NABARD. Also it plans to set up a long term rural credit fund within NABARD.

Budget 2014: Agri industry gives mixed reaction

The Budget's proposals to boost irrigation, agri-research and food processing have been received well by the industry. National Collateral Management Services (NCML) Managing Director and CEO Sanjay Kaul said: "The expectation that there would be a special thrust to the agriculture and food sectors in the Budget has been belied." However, the marginal reduction in excise duties in the food processing sector and extension of the Nabard RIDF loan scheme for warehousing infrastructure is welcome. "Reduction in excise duty on food processing machineries is welcome. Industry has specifically suggested treating processed food products at par with agri produce with nil rate of excise duty... same has not found any favour in this Budget, this would only lead to inflation," said Piruz Khambatta, Chairman, Rasna Pvt Ltd. Hailing the Budget proposals, commodity exchange NCDEX Managing Director and CEO Samir Shah said: "Efforts to remove inefficiencies and anomalies in the underlying physical market is a big positive for the futures market." Commodity brokerage firm Religare Securities President

(Retail Distribution) Jayant Manglik said, "With Monsoon reports still not favorable, the government has made a few notable decisions which would have a long-term beneficial impact on the agriculture sector." SLCM Group CEO Sandeep Sabharwal said, "It is a good initiative on part of the government. The allocation reflects that the government is addressing the issues in the agri-markets. There is emphasis on scientific infrastructure. "The government has rightly acknowledged the need for investment in agro-technology. Rs 100 crore for research and development in agriculture is a positive step that we hope will pave way for taking our agricultural sector to a new paradigm," Insecticides India LtdBSE -1.03 % MD Rajesh Aggarwal said. Giving similar views, Deepak Fertilisers Executive Director Partha Bhattacharyya said, "The Budget will give a reasonable boost to the agri-sector. The growth expectation of four per cent in the sector and additional allocation of subsidy for fertiliser business will have a definitive positive impact.