

## **A social role for NITI Aayog**

NITI Aayog has had its first meeting with the economic experts. This was crucial since the government is trying to revive economic growth. The economy has experienced slow growth in spite of the revised national income data that has indicated faster growth. Industry, exports and so on, have shown tepid growth in recent years. The National Democratic Alliance's electoral promise of an economic turnaround seems elusive in spite of its accelerating "reforms" by liberalising foreign direct investment (FDI) flows and land acquisition policies to signal its pro-corporate sector and big business inclinations.

### **Contradictory views**

The budget is first a macroeconomic exercise and then a micro one catering to sectors of the economy. Two contradictory macroeconomic views are emerging from the government and its policy advisers. This is similar to the policy dilemma that the United Progressive Alliance faced earlier. The first view is to have a larger fiscal deficit so as to boost demand. The other view is to cut the fiscal deficit to keep the credit rating agencies (proxy for financial interests) happy so as to prevent a downgrade of the economy.

The Finance Minister favours the latter view and argues that a fiscal deficit imposes a burden on future generations who will have to repay the debt. This conservative view assumes that resources are constrained, so if the government spends more, the private sector has less to spend. But that cannot be true when the economy has spare capacity and can produce more. Increased government expenditures then boost the economy and lead to more investments via the accelerator. If increased spending is financed by increased direct taxation, that is even better. This is feasible in India since direct taxes are around 7 per cent of GDP which is low when compared to most other countries. But a government trying to signal its pro-business inclination would not wish to raise direct taxes like income, corporation and wealth taxes.

Actually, tax rates need not be raised but only the concessions given in taxes (these are called tax expenditures and amount to 4.5 per cent of

GDP) need to be curtailed to get more resources. But this may also be seen as anti-business. The other possibility is to tap the black economy (more than 50 per cent of GDP, according to me.) This requires political will which is not yet visible. The business community, the largest generator of black incomes, would see this also as anti business — it has been opposing introduction of general anti avoidance rules (GAAR). Even if the economy grows faster due to the reduction of the size of the black economy and businessmen gain, they fear it since a bird in the hand is worth two in the bush.

The NITI Aayog meeting does not seem to have considered these deeper issues. Advice was sought from former bureaucrats, journalists, industry lobbyists and academics. Media reports suggest a lack of coherence in the discussion or in the advice given. Some of the invitees had been present in the Finance Ministry pre-budget meeting last month. So, what was the point of the meeting now when it did not lead to clarity on long-term issues? Further, the time for incorporation of policies in the budget is over since most of it would have been formulated by now. It may have been better to circulate for comments a discussion paper on the Indian economy's slowdown and its global interlinkages.

### **Dilemma with global echoes**

India's current economic dilemma has global roots. The eurozone, Japan and Russia are in trouble, the Chinese economy has slowed down and the U.S. economy is the only big one that has improved. In such a scenario, increasing exports in a big way would be difficult. Declining commodity prices (like that of petroleum goods) signal a weakening global economy. Uncertainty is deepened by the arc of instability due to failing states, from Afghanistan, Syria, Iraq, Libya, Nigeria to East Africa. The war in Ukraine and the rise of IS are compounding the problem.

Greece threatens the economic stability of the eurozone. The new government there is defying the dictates from the world of finance and has promised to end the austerity regime hoisted on the people of Greece. The Greek Prime Minister is telling the European powers that the economic rules of integration of the weaker economies of Europe into the eurozone need change. He is arguing that a substantial portion of the debt resulting from the earlier wrong policies needs to be written off. The other troubled economies of Europe — Portugal, Spain and Italy — are under increasing political pressure to follow Greece's example.

U.S. President Barack Obama has proposed increasing taxation of the rich while giving more to the middle classes to reverse the growing inequity there. This move not only has a political strategy underlying it but also economic reasons that favour it. Given the Republican domination in the legislature and their conservative inclinations, it is unlikely that this proposal would be accepted any time soon. But, other countries would be forced to think about the idea, especially in the context of the developments in Greece.

In 2011, Mr. Warren Buffett gave a call to tax the rich more not only for the sake of equity but also to tackle the global economic crisis. This call was picked up in Europe with 16 of the wealthiest French urging their government to tax them more. Fifty wealthy Germans backed this petition. In Italy, the chief of Ferrari also lent support.

Inequity has grown in most countries since the mid-1970s following the domination of global financial capital over policies — spearheaded by the World Bank and the International Monetary Fund (IMF). These policies have not only marginalised other sectors of the economy but also promoted bubble economies that are prone to periodic collapse as it happened beginning 2007 and from which the world economy has yet to fully recover.

These policies promoted shadow banking and all manner of opaque financial instruments that created economic instability. A casino economy emerged with speculation leading to a fictitious boost in paper wealth, promoting a false sense of well-being among individuals and increased consumption by them. As inequality increased dramatically, and there was the marginalisation of the vast majority, there followed the “Occupy Wall Street movement”, termed as the “99% v the 1%” and which also popularised the term, “Main street versus Wall street”.

### **For people policies**

Events in Greece and Mr. Obama’s suggestion suggest that the time has come to end the domination of finance capital over the rest of society.

Policy space has to be recaptured from the world of finance by the democratic forces so that policies favouring the people can be initiated. The dilemma currently facing Indian policymakers reflects these global trends. India’s rightward drift started with the Emergency in 1975 when Sanjay Gandhi marginalised the left of Centre thinking in the Indira Gandhi government. The trend continued during the Janata regime and

thereafter under the Indira Gandhi government which had to approach the IMF for adjustment in 1980. Rajiv Gandhi, under considerable influence of the liberalisers, pushed this tendency faster. With the New Economic Policies in 1991 and the emergence of the World Trade Organization (WTO) in 1995, there was a paradigm change, with the policies of finance capital becoming entrenched.

For India, which remains very poor and very unequal, policies based on the interest of finance capital and a narrow section of society can only spell disaster. These policies push markets and technology-based solutions which marginalise the individual. The underlying idea is that if making democracy work is difficult, substitute it with technology. Those lacking faith in democracy and social institutions are (in the name of the poor) pushing an autocratic agenda based on greater use of technology. The hard work of creating and nurturing institutions that can deliver to the people and strengthen democracy is sought to be circumvented. So, one of the key proposals today is to push Goods and Services Tax (GST) even if it does not suit the needs of the vast unorganised sectors of our economy and benefits the MNCs and big business. The hard work of making taxation simple and effective and shifting to direct taxes is hardly on the agenda. Creating a large number of jobs is secondary to cash transfers, bullet trains for the elite and smart cities for the upwardly mobile.

The flyovers of Delhi were built to ensure smooth traffic flow but now have speed bumps to slow down vehicles and which leads to jams. The technological solution failed because the institutional design of management of urban traffic is flawed and that is because policymakers did not go deeper into the problem in their urge to provide quick fix technological solutions. The NITI Aayog could throw light on such long-term issues (with solutions that are not just economic or technological but also social and political) of strengthening democracy, building institutions, regaining policy space and so on.

## **Wholesale price index slips into negative zone**

Riding high on the fall in fuel prices, the wholesale price index (WPI) dipped to – 0.39 per cent in January. A fall in inflation has been recorded for the eighth consecutive month. Inflation was at 0.1 per cent in December.

The WPI plunged into the negative zone as the slide in fuel prices more than offset the increase in food prices, which continued to be high. Negative WPI inflation reflects falling cost of production in the economy. It could eventually be reflected in consumer prices. Consumer price inflation hit 5.11 per cent in January, according to official data released last week.

It captures inflation closest to producers and has a broader coverage of manufactured products. It does not capture price inflation in services. With a sharp pick-up in pulses, grains and vegetables, food inflation surged to 8 per cent in January as against 5.2 per cent in December, according to official data released on Monday. Fruits and milk continue to show high increase while prices of pulses rose 12.3 per cent. In the coming months, food prices can be expected to rise further if the rabi harvest shrinks in line with the Agriculture Ministry's forecast, indicated HSBC chief economist Pranjul Bhandari in a report. Low global commodity prices, however, are likely to keep the WPI inflation largely under control, she said. Pulses, coarse cereals and oilseeds could witness some pressure points.

Fuel inflation slumped to minus 10.7 per cent as against minus 7.8 per cent in December. The disinflation in manufactured components was strongest in tobacco, textiles, leather, chemicals and metal products.

## **The menace of plastic waste**

If there is one type of municipal solid waste that has become ubiquitous in India and most developing countries, and largely seen along the shores and waterways of many developed countries, it is plastic waste. Much of it is not recycled, and ends up in landfills or as litter on land, in waterways and the ocean. For the first time, researchers have estimated the amount of plastic that makes its way into the oceans.

While the estimate of eight million tonnes of plastic being dumped into the oceans by 192 coastal countries in 2010 may appear staggeringly high, in reality the quantity would be many times more. Besides estimating the total quantity, a paper published recently in the journal *Science* has identified the top 20 countries that have dumped the most plastic waste into the oceans.

At twelfth position, India is one of the worst performers. It has dumped up to 0.24 million tonnes of plastic into the ocean every year; the amount of mismanaged plastic waste per year is 0.6 million tonnes. In the case of China, the No. 1 polluter, the coastal population sends up to 3.53 million tonnes of plastic waste into the oceans each year. Besides the 11 Asian and South East Asian countries, the U.S. figures in the list.

A study published in December 2014 estimated the quantity of plastic floating in the ocean at nearly 270,000 tonnes. This is but a fraction of the total that finds its way into the oceans. Other studies suggest that the surface of the water is not its final resting place. Alarming, an unknown quantity of degraded plastic in the form of particles enters the food chain. Besides affecting marine life, plastic that gets into the food chain has serious health implications for humans. With the latest study estimating that the annual input into the oceans is set to double by 2025, there is an urgent need to tackle the problem. A two-pronged approach has to be adopted by the worst polluters to reduce per capita plastic waste generation and cut the amount of mismanaged waste by employing better waste management practices. Recycling is the best available way to tackle the waste, though it is not the ideal solution. India, which hardly recycles plastic waste, has its task cut out. It dumps a huge quantity into the ocean although it generates a relatively small amount of this waste per person — 3 per cent of 0.34 kg per person a day of all solid waste generated. The huge population offsets the advantage of low plastic consumption in the country. Cutting down on the use of plastic should also begin in earnest, and the first item that has to be targeted is the single-use plastic bag. The Union government recently refused to ban the manufacture of single-use plastic bags; the least it could do to reduce consumption is to make such bags expensive, employing the same rationale that has been applied for tobacco products that are taxed heavily to reduce consumption.

## Pre-empting China, India inks nuclear pact with Sri Lanka



In a sign of a closer strategic partnership between Sri Lanka's new government and India, President Maithripala Sirisena and Prime Minister Narendra Modi concluded a civil nuclear cooperation agreement on Monday, which is Sri Lanka's first nuclear partnership with any country.

Calling the bilateral agreement on civil nuclear cooperation "another demonstration of our mutual trust," Mr. Modi said India and Sri Lanka had also agreed to expand defence and strategic cooperation, including a "trilateral format" with the Maldives.

Mr. Modi is expected to visit Colombo in mid-March, and sources told *The Hindu* that he was likely to include Male in his itinerary. Officials on both sides said the agreement on nuclear cooperation was an initial one and would not lead to the construction of nuclear energy reactors immediately. According to an official release, the agreement "would facilitate cooperation in the transfer and exchange of knowledge and expertise, sharing of resources, capacity building and training of personnel in peaceful uses of nuclear energy, including use of radioisotopes, nuclear safety, radiation safety, nuclear security, radioactive waste management and nuclear and radiological disaster mitigation and environmental protection."

### **India, Sri Lanka sign three pacts**

Calling his visit to New Delhi a "remarkable milestone" in taking India-Sri Lanka relations to a "greater height," President Maithripala Sirisena

on Monday expressed satisfaction that the visit had “borne very fruitful results.”

Mr. Sirisena and Prime Minister Narendra Modi witnessed the signing of three agreements on agricultural cooperation, a memorandum of understanding on Nalanda University and an agreement on cultural cooperation. On the conflict between Tamil fishermen from India accused of trespassing into Sri Lankan waters, Mr. Modi said a solution must be found by the fishermen’s associations of both countries as it affected the livelihood of people in both countries.

“We agreed that there must be a constructive and humanitarian approach to the issue,” he added.

While there was no direct mention of talks between the two leaders over devolution of powers to the Northern and Eastern provinces or on the reconciliation process for Tamils after the 2009 anti-LTTE war, sources said “all aspects of bilateral importance were discussed.”

## **Mealy bug makes a feast of fruit trees**



Scientists of Kerala Agriculture University (KAU) have confirmed mealy bug infestation in the fruit plants of Idukki district. The disease can easily spread to a wide area and the infestation, carried through ants, can destroy plants, including trees.

Scientists from KAU’s Cardamom Research Station, Pampadumpara, identified it as root mealy bug ( *Xenococcus annandalei* ). This is for the first time that the bug is spotted in the State. It was earlier reported in Odisha.



K.P. Kuriakose, who led the KAU team in studying the disease, said elimination of the bug would not be easy. Continuous effort from six months to one year was needed to control it in an area. If it spreads, containing the bug would be hard.

He said the main step was to identify the disease early and destroy the affected plants, thus avoiding the bug's spread.

### **Sucking moisture**

The root mealy bug sucks moisture out of plant's roots causing the plant to die. The symptoms are not noticed initially and the infestation spreads fast.

The ant, *Acropyga acutiventris*, carries the bug across plantations. The disease has been confirmed in Mannakkudy, Nedunkandam, Upputhara, and Ettakkanam in Idukki.

### **Ant control**

The first step in disease control is prevention of ants' movement. Since the bug affects weeds, destroying of weeds followed by lime application at the rate of one kg a cent are recommended as primary steps. In severely affected areas, Chlorpyrifos diluted at the rate of 2.5 ml per litre of water can be used.

Bio-agent Verticillium too is effective. Verticillium dissolved in water at the rate of ten grams a litre should be sprayed across the plot. But, there should be a gap of 30 days between the use of Chlorpyrifos and Verticillium, he said.

## **Mango may come at a princely price**



Mango, the king of fruits, could be dearer this year as a survey of two districts by scientists has warned of a decline in the crop output by one

lakh tonne. The average annual production of the fruit in Kolar and Chickballapur districts has been around 4.5 lakh tonnes.

Severe water crisis in these two districts, which contribute to 40 per cent of the total produce, has affected mango trees on nearly 30,000 hectares, resulting in an estimated crop loss of Rs. 900 crore and affecting about 40,000 farmers, the survey says.

Poor monsoon in 2014, along with the gradual decline of water table, has been blamed for wilting of mango trees. The crisis in mango orchards has resulted in farmers migrating to urban centres.

## **Machine for cleaning tamarind developed**



The Tamil Nadu Agricultural University – Agricultural Engineering College and Research Institute has developed a new equipment for cleaning raw tamarind of seed as part of value-addition in marketing the produce.

The equipment, called metal roll de-seeder, involves a simple principle for shearing the fruit which is the key step for separating the seed from it. A variable speed roller, which is an auto adjustable component, adjusts itself according to the size and shape of the fruit.

All a farmer has to do is to drop tamarind, fruit by fruit, into the machine. It separates the seed from the fruit instantly.

“A large number of women are involved in separating the seed from the fruit, particularly in districts like Krishnagiri and Dharmapuri where the

tamarind yield is high,” says N. Pandian, a research scholar who has been conducting various trial for improving the efficiency of the equipment. “This is not the end of it and we have planned to improvise it,” says K. Ramaswamy, Dean of the college. At present, the efficiency of the de-seeder is being explained to farmers visiting the college and their suggestions will be taken into consideration.

Mr. Ramaswamy says the manual separation of the seeds is not only labour-intensive but is also suspect from the point of view of hygiene. “While only 3 kg can be separated per hour through manual operation, the device can handle 60 kg an hour,” he says.

De-weeding forms the middle part of the three-phase programme implemented for value-addition. “We adopt de-hulling in the first phase and packing in the third phase – using two other machines separately,” he says.

In the conventional method, workers separate the pod and the pulp by thrashing the produce using a stick, again, an unhygienic procedure.

## **Agriculturists grievances day meet**

The monthly district level agriculturists’ grievances redressal day meeting would be held under the presidentship of the District Collector at the Collectorate here at 10.30 a.m. on February 20.

Officials of the departments of agriculture, horticulture, agricultural engineering, agricultural marketing, sericulture, fisheries, animal husbandry, forest, transport, dairy development and cooperation, besides officials of the Tamil Nadu Pollution Control Board and cooperative sugar mills would address grievances expressed by farmers and representatives of farmers’ associations. They would also inform the farmers about the action taken on the grievances expressed during the last month’s meeting.

The Collector R. Nanthagopal has in a release appealed to farmers to participate in the meeting and express their public grievances orally and individual grievances through petitions.

### **Special camp at Mosur village**

A special public grievances redressal day camp for the villages of Mosur and Palayam in Arcot taluk would be held under the presidentship of R.

Nanthagopal, Collector of Vellore at the pantheist office in Mosur at 10 a.m. on February 18.

The Collector has, in a release, requested the public of the two villages to get their grievances regarding community certificate, income certificate, residence certificate, land and house site pattas, old age pension, assistance for the destitute, birth and death certificates and family card redressed by submitting petitions at the camp.



## From lab to land



Recently, I was in Gulbarga and Bidar, two dry districts of northeast Karnataka with annual rainfall of 750-850 mm that grow a lot of pulses: toor (pigeon pea), chana (chickpea), urad (black gram) and moong (green gram).

Pulses are often called “orphan crops”, being cultivated largely in marginal areas prone to moisture stress. The moment farmers have access to irrigation, they tend to shift from chana to wheat, or from toor to paddy. Even in Bidar’s 15 per cent or so area irrigated by wells/ pump-sets or water from the Karanja dam project, the main crop is sugarcane.

Yet, pulses are important as a valuable source of protein for large sections of our population, whose diets are vegetarian and cereal-based. Also, India annually imports 3.5-4 million tonnes of pulses worth about \$2 billion; these will only rise unless domestic production keeps up.

Promoting pulses cultivation is, moreover, useful for soil rejuvenation. Being leguminous plants whose root nodules harbour bacteria that naturally “fix” atmospheric nitrogen, pulses can save roughly one bag of urea per hectare for the succeeding crop. Their deep and extensive root systems help keep the soil porous and well aerated, while preventing formation of hard pans.

So why aren't we able to increase output? Are there ways to do it? I got some answers during my interactions with farmers, scientists and agricultural extension professionals in Gulbarga and Bidar.

One myth that needs busting is that the national agricultural research system has ignored pulses, further reinforcing their “orphan” status. The truth is, pulses are highly susceptible to diseases and pests, which are major yield-limiting factors. Our scientists, if anything, deserve credit for breeding improved varieties resistant to both disease and drought.

In Gulbarga, I met many farmers who harvested 18-20 quintals per hectare from TS-3R, a fusarium wilt fungus-resistant toor, developed by the University of Agricultural Sciences, Raichur. The local nondescript varieties, by comparison, yielded 7-8 quintals, that too under relatively disease-free conditions sans extended dry spells.

The same university's Agricultural Research Station (ARS) at Gulbarga has now come out with a new variety, GRG-811. It is resistant to fusarium wilt as well as sterility mosaic disease, caused by a virus that prevents the plants from producing flowers. Both TS-3R and GRG-811 mature within 160 days — as against 180 days or more for traditional toor cultivars — also making them less vulnerable to moisture deficiency during the crucial terminal pod-filling stage.

The problem in pulses is not really about breeding or research, but of taking the fruits of these to the end-user — the farmer. It is a failure more of “extension” than “research” — which is why what I saw in Gulbarga and Bidar makes for an encouraging story for Indian agriculture in general.

## Can healthy ageing be achieved globally?

As scientists the world over are searching for the elixir of life for healthy ageing, some top researchers now suggest that the concept of successful ageing should be abandoned, pointing to social inequalities and the problems associated with labelling a person an “unsuccessful ager”.

Through a series of 16 articles that appeared in the journal *The Gerontologist*, a team has looked back at the progress made over the past 28 years into what successful ageing is.

The paper lays the groundwork for building consensus on the topic – while pointing out that the answer may differ among academics and the general public as well as across populations and demographic groups.

“With an enhanced understanding of what successful ageing is, we will be in a stronger position to develop interventions that will enable more people to age successfully,” said Rachel Pruchno, editor of *The Gerontologist*.

The sheer number of people comprising the baby boom generation transformed academic interest in successful ageing to a public policy imperative.

“Now more than ever, it is critical to develop science that empowers people to experience the best old age possible,” she added.

The issue includes a number of groundbreaking studies involving several segments of the US population.

For example, one of the articles reports on the first study to examine physical and mental health quality of life among the older lesbian, gay, bisexual and transgender (LGBT) population.

A further article addresses the growing body of literature suggesting that black women experience a number of social challenges that may present a barrier to ageing successfully.

The issue also contains articles examining successful ageing across cultures.

It reports that young, middle-aged and older people from the US and Germany have quite similar concepts of successful ageing which they view in far more multi-dimensional terms than do established scientific theories.



## THE TIMES OF INDIA

### UP govt to launch 1,000 agri-junctions across state; Graduates In Agriculture To Get Biz Opportunity

LUCKNOW: Going pro-farmer in a big way, the SP government is all set to launch 1,000 'agri-junctions' across the state. The state budget to be tabled on February 24 is likely to have provision for the same. The aim is to provide not only farm inputs and equipment to farmers but also business opportunity to rural youth and employment to agriculture graduates.

The scheme will be announced by Chief Minister Akhilesh Yadav soon and the government expects that kisan junctions would dot the entire agricultural landscape of the state opening business opportunities for the rural youth in large numbers and protect the innocent farmers from their exploitation from the banks to the retailers!

The one-stop will not only cater to all kinds of requirements of farmers, but also guide them in procuring loan from banks for the farm needs and to set up small-scale food processing units and availing technical facilities.

Graduates with agriculture background would be shortlisted to run these junctions. According to reliable sources, the chief minister has ordered to provide a subsidy of Rs 60,000 each to the selected candidates to set up their own business. The agri junction will cost nearly Rs 4 lakh and apart from the subsidy, the remaining amount would be funded as loans by the NABARD and other nationalised banks.

The State Agricultural Management Extension Training Institute (SAMETI) at Rehmankhera, Lucknow, is gearing up to provide a 12-day training programme for the shortlisted applicants.

The government hopes that the agri shop promoted by it will take the chain of such marts being run by corporate houses. "Agri junctions would not only provide all farm inputs to farmers, but also assist them in bank loans, and help them in availing the agriculture programmes of the UP government and the Central governments," says a government official. The agri junctions can add on services like maintenance and repairs of farm machinery, animal feed, retailing of agriculture produce and processed agriculture products and even information technology kiosks.

## **Giant 1kg guavas bearing new agri fruit in S Gujarat**

SURAT: While it is natural to see a water melon weighing more than 1kg a guava that weighs more than 1kg surely comes as a surprise. And it is organic and seedless.

A 41-year-old progressive farmer Pravin Desai from Navapura in Valiya Taluka of Bharuch district grows guavas that are not only giant but extremely sweet. He has planted nearly 1,300 guava trees in one hectare of land and each plant yields at least 5kg fruit every month. These high quality fruits are borne only on plants that have come up through grafting and are sold at Rs 125 per kg. Many people passing through Valiya road make it a point to stop at Pravin Desai's farm and buy his fruit.

Desai grows guava, pomegranate and berries in his farm. He said, "I took over the farm from my father some two-and-a-half years ago and planted guava and other fruits. I also decided to go the organic way. I have about 72 cattle with me."



Desai planted guava by grafting and bringing in sections from Raipur in Chhattisgarh. "In case of this particular variety, air layering is not suitable and mostly grafting is done to get original character of the fruit," said in-charge assistant director of horticulture at Bharuch Dinesh Padadiya.

He said that if the seeds are sown, they will not show the original character of the plant and fruit bearing becomes late when compared to the grafted one. Against an yearly expense of Rs 2,000-Rs 2,500, every plant earns a farmer almost double the amount.

Due to its size and sweetness, this variety of guava is fast becoming popular among many fruit growers in south Gujarat who have started cultivating giant guavas in their farms.

## THE HINDU Business Line

### **Agri Budget stresses on irrigation infra**

The [Agriculture Budget](#) for 2015-16 has given priority on infrastructure creation in the irrigation sector with more than 22 per cent allocation on it. Total outlay for the sector in 2015-16 has been pegged at Rs 10,903.62 crore, a rise of 14.26 per cent over previous fiscal.

But unlike the previous two Budgets dedicated to the farm sector, this Budget lacks any provision for providing free mobile handsets to farmers under 'Digital Mandi scheme'. The water resources department has been allocated Rs 6,212.15 crore, up from Rs 5,087.69 crore earmarked last year. Out of it, major and medium irrigation projects will have major share at Rs 2,229 crore, against Rs 1,985 crore made in last year budget.

While allocation for expenses in minor irrigation projects has been truncated to Rs 961 crore, lower than Rs 1,167 crore last year, major priority has been provided to mega lift irrigation scheme, where expenses have been estimated at Rs 673 crore almost double from Rs 325 crore provision made in the current fiscal.

In the mega lift operation scheme, the government has provision to provide irrigation facilities in upland areas of the state by pumping in excess water available in river catchment areas.

Agriculture and food production department has been allocated Rs 3,124.38 crore, a rise of 14.53 per cent over the current year's provision. Major expense estimate for the department in areas such as deep bore well scheme has been unchanged at Rs 520 crore and the amount earmarked for interest rate subvention on short term term crop loan has been lowered to Rs 384 crore, against Rs 426 crore and in case of warehouse creation, the amount has been cut to Rs 100 crore, compared with Rs 150 crore made in previous Budget. A sum of Rs 100 crore has been provided for Potato Mission aimed at increasing productivity and creation of buffer stock.

## **Good wheat, veggie output might not help farm growth recoup full drop**



India's farm sector is expected to recoup some of the losses it suffered in the October-December quarter on the back of expected jump in [wheat](#) output and rise in production of horticulture products. However, it would be a very mild recovery, close to even flat output.

According to the new [GDP](#) data, which is based on 2011-12 series, [agriculture](#) growth, which also includes forestry and fishing, is expected to be around 1.1% in 2014-15, down from 3.7% in 2013-14.

In the third quarter of 2014-15, agriculture production contracted by 0.4% as against 3.8% growth in the corresponding period of the previous year. However, in the January to March quarter of 2014-15, the latest data showed that there is slight uptick in growth to 0.37%.

“This is very marginal rise and might be due to the impact of expected good wheat production,” D K Joshi, chief economist CRISIL told *Business Standard*.

An increase in vegetable and fruit production in 2014-15 is also expected to have a positive impact on Q4 numbers.

Wheat output in 2015 is expected to be around 100 million tonne on the back of benign weather despite a small drop in acreage. Production in 2013-14 was estimated to be around 96 million tonne.

Head of Karnal-based Directorate of wheat research recently told *Business Standard* that output might be around 100 million tonne, if weather remains favourable in the months of February and March. The light rains are expected to help matters.

In the case of vegetable and fruits, production is expected to be around 280 million tonne this year, as against 269 million tonne, which effectively means that it would surpass India's total foodgrains production for the third year in succession.

However, despite that marginal improvement in Q4, overall growth in agriculture and allied sector is estimated to be around 2.6 percentage points less than the 2013-14, as kharif foodgrains, oilseeds and cotton output is estimated to be less as per government's first advanced estimate.

Foodgrains production in 2014-15 (June to July) is expected to be around 120.27 million tonne, around 9 million tonne less than last year, while that of oilseeds is expected to be around 19.66 million tonne, around 2.74 million tonne less than last year.

<b>Growth in Agriculture and Allied Activities</b>				
Year	Q1	Q2	Q3	Q4
2014-15	3.5	2	-0.4	0.37
2013-14	2.7	3.6	3.8	4.36

Source: MOSPI

Cotton output this year is also expected to be around 34.62 million bales, down from 36.59 million bales last year. (1 bale = 170

kilograms).

On top of this, the production scenario is not expected to improve by much for crops other than wheat in the rabi season as well because of drop in acreage.

Acreage of all rabi crops is expected to be around 3-4 million tonne less than last year's over 60 million hectares. The main reason for the fall has been less than expected sowing of rabi pulses and mustard seed, the main oilseed grown during the rabi season.

“Though actual fall in production might not be much significant, but when its value addition is taken as is the case with current GDP, the fall is big,” another analyst said.

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## **A new deal for oilseeds**

There is no reason why India should be importing edible oils for all times to come



Despite being one of the largest producers of oilseeds in the world, India's import dependence has doubled over the past few years owing to expanding consumption of edible oils and stagnating production of oilseeds. The country imported vegetable oils worth \$10 billion in 2013-14 compared with \$5 billion in 2007-08. If this growing demand has to be met without adding to the country's current account deficit, oilseed production and domestic manufacture of edible oils have to be ramped up significantly.

### **Yields down**

Farm yields of oilseeds such as groundnut, mustard, soyabean and sunflower are barely 50-70 per cent of global averages. Demand for edible oils is likely to increase from 18.3 million tonnes (mt) in 2013-14 to 25.7 mt by 2020-21, with imports expected to touch 15.8 mt rising 40 per cent from the current level of 11.2 mt. It is possible to address this alarming deficit through a set of policy interventions that will enable expansion of area under oilseeds cultivation, increase farm productivity, and improve value-addition within the country.

### **Lack of incentives**

The farmer gets no incentive to invest in oilseeds, in competition with cheap imported oils in the absence of any import restrictions. The recent removal of export duty on palm products by Malaysia and Indonesia to reduce their inventory has resulted in a spike in imports and a resultant downward spiral of domestic prices, adding to the woes of the farmer. India's import of vegetable oils is expected to touch a record 12.3 mt in the current year. Avoidable costs such as multiple handling due to APMC regulations, mandi cess, etc make domestic manufacture of edible oil an expensive proposition, limiting the scope for value-addition.

## Strategies suggested

To meet this challenge, CII has recommended a three-pronged strategy: One, raising farm productivity through a complete package of practices i.e. new technology, quality inputs and farm-extension services; and linking farmers effectively with markets. The Integrated Scheme for Oilseeds, Pulses, Oil Palm and Maize (ISOPOM) and National Mission on Oilseeds and Oil Palm (NMOOP) need to focus especially on increasing availability of high quality seed material to the producers. The private sector can focus on other inputs, and extension services.

Two, farmers need to be incentivised to undertake oilseed cultivation through higher price realisations. This can be done by raising import duties to bring prices on parity with domestic cost of cultivation. In due course, as the productivity improvement measures succeed, Indian prices also will be globally competitive. Based on recommendations from CII and other stakeholders, the Government has increased import duty on crude oil to 7.5 per cent from 2.5 per cent and that on refined edible oil to 15 per cent from 10 per cent.

Looking at the future price trends, there is room for further increase in rates, without hurting the consumer interests. In any case, the bound rates under WTO are also far higher than the current levels. The additional revenue generated can also be ploughed back into increasing oilseed productivity. There is also a need to lower transaction costs in the domestic value chain by lowering the *mandi* cess to a nominal 0.5 per cent. Reforming APMC Act to allow farmers to sell directly to manufacturers at their factories or warehouses will also fetch them better returns by reducing unwarranted multiple handling costs.

Three, increasing acreage of high oil content oilseeds is another key requirement. Cultivating more mustard in Punjab and palm in coastal areas can be explored. Between Punjab and Haryana, wheat is cultivated on some 6 million hectares. Part of this could be redirected towards mustard to meet the edible oil demand. This will also help the situation of depleting groundwater tables in these States. More wheat can be grown in the eastern parts of the country.

The area under oil-palm cultivation can also be increased to provide a rich source of edible oil and crude palm oil, which are widely imported. The Government has identified 19.30 lakh hectares as suitable for plantations. However, oil-palm is cultivated on only about 2 lakh hectares

despite two decades of effort. Moreover, a major part of these plantations are still pre-mature and are yet to yield oil-palm. Declaring oil-palm as a plantation crop, along with policy support to allow better germplasm import can attract more investments into the sector.

The rich agro-climatic conditions of India offer an opportunity to produce a wide range of oilseeds globally competitively, when nurtured with the right policy environment. There is no reason why the country should remain an importer of edible oils for all times to come.

The writer is Chairman, CII National Council on Agriculture, and Chief Executive, ABD, ITC Limited. Views are personal.