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# THE HINDU

## Flower show begins in Udhagamandalam



The 119th flower show by the district administration, Tourism Department, and Horticulture Department began here on Friday. Governor K. Rosaiah; Minister for Housing, Urban Development R. Vaithialingam; Agriculture Secretary Rajesh Lakhoni; Director of Horticulture L. Sitherasanen; and District Collector P. Sankar attended the inaugural.

The attractions this year include various decorations using four lakh plants.

Flowers imported from over 119 countries too are on display.

A 40ft long, 40ft wide, and 23ft tall Taj Mahal made of using nearly 1 lakh flowers is drawing the attention of tourists.

Other attractions include an 8 ft tall, 12 ft long, and 4 ft wide elephant made using Spagnum Mass.

The new park in the garden premises has decorations using 6,000 flowers.

The flowers used are inca marigold, French marigold, phlox, betunia, pancy, dianthus, begonia, dalia, balsam, ranaculas, viola, ageratum, calendula, gladiolus, lillium, sunflower and sapnoaria.

Ten arches have been made using gerbera flowers. Decorations made using tulip too are attracting a large number of tourists.

This year, flower parks have been created in various places in the district and have registered with the flower show committee. Rolling trophies have been instituted for the best park, and best flower.

Governor K. Rosaiah lauded the organisers for the efforts taken to put up the decorations.

Last year 22 lakh people visited The Nilgiris during the summer season, officials said.

Rain in the last couple of days in Coonoor has forced the Horticulture Department officials to take measures to protect flower beds in the Katteri Park. There are over 100 flower beds for over 30 varieties of flowers.

### **Farmers want computerised chitta**

Farmers have urged the State Government to issue computerised *chitta* as in the absence of it they have been finding it difficult to obtain bank loans, a release from the farmers' association, Vivasayeeegal Sangam, has said.

The farmers have been getting *chitta* from the tahsildar/taluk offices concerned, but of late they were unable to get the land document, which has also made it difficult for them to register land.

The farmers' association has urged the Central Government to give up the plan to charge 11 per cent interest on farm loans sanctioned by banks. At present the nationalised banks granted loans at four per cent and the cooperative credit societies at zero per cent.

They urged the Agriculture Department to make operational the mobile soil testing vans as at most places in the State. They sought distribution of humic acid from collieries as the chemical had been found to enrich soil content. The farmers also condemned the by-election held to various posts in the cooperative societies saying they were more of selection and less of election.

## **Cashing in on cashew**

A State-level seminar on emerging trends in cashew farming will be held at the Kerala Agricultural University's Cashew Research Station at Madakkathara near here on Saturday.

The seminar organised by the KAU in collaboration with the Directorate of Cashew and Cocoa Development ( DCCD) will be inaugurated by Minister for Cooperation C.N. Balakrishnan in the presence of MLA M.P. Vincent, KAU Vice-Chancellor P. Rajendran and DCCD director Venkatesh N. Hubbaali.

P.B. Pushpalatha, organising secretary of the seminar, said the seminar intended to educate farmers on new hybrid varieties, modern trends such as intercropping, and value addition techniques so that cashew farming in the State could be rejuvenated and reformed.

## **French delegation**

Meanwhile, a delegation from SENS (Solidarités Entreprises Nord-Sud), a French entrepreneurship development company, which visited the Cashew Research Station at Madakkathara found the value-added products from cashew apple interesting and evinced interest in adopting the technologies for cashew apple processing in their units in Africa.

“We have entrepreneurship development programmes in many countries. The state of Benin, which lies close to Nigeria, is the land of high quality cashew, which is being exported. But the cashew apple is fully wasted and the processing technologies available with the KAU seems a wonderful avenue to enhance farmers' income,” said Anne Meyer of SENS.

## **The goodness of sugar**

I like sugar in my coffee. I can't bear the thought of drinking the brew unsweetened. Hence, I am always on the lookout for natural sugars to use in place of the refined ones. I usually use jaggery in my coffee. But recently, my mother came across an interesting product, and promptly had one packet delivered to my home. It was a neat pouch, made of rough brown paper, that appealed to my sense of eco-awareness.

It had the words 'Coconut Blossom Sugar' printed on it. I had heard of this, but was under the impression that it was a sweetener and not a natural sugar.

The suggestions for use on the package were interesting and so, I decided to try it out.

It resembles the demerara sugar very closely in colour and coarseness. The taste is clean and fresh, with the unmistakable sweetness of elaneer. It is not overpowering either, and when I added it to cold coffee, tasted good and did not clump.

The coconut blossom sugar is obtained from the sap of the coconut flower. A cut is made at the base of the flower, and the sap that oozes out is collected and allowed to evaporate, with the residue forming the natural sugar. This is the technique followed in many parts of the world.

However, at Farm Made, in Palladam, they do it differently. Mr. Ram Mohan and his family have been in the business of coconut breeding and due to their association with agricultural scientists, came across a method for extracting coconut sugar, patented by Dr. Hebbler in Kerala.

After many trials, Ram Mohan and his team have refined the method to obtain the sap in a clean and fresh manner, that brings down the risk of pollution. Ram Mohan also considers this a nutritious offering for a society that wants to embrace healthier food options.

This sap or nectar is in high demand in the neighbouring state in liquid form and is referred to as Neerah. It then undergoes a highly precise heating process before being dehydrated.

The farm is proud of their product as there is no compromise in quality standards during the production process. This vegan sugar is free of preservatives and is completely organic, with the vermicompost for the coconut trees being made in-house. Studies in the Phillipines have proved that coconut blossom sugar rates only 34 on the glycemic index (GI), making it a healthier sugar alternative. A low GI means that there is a slow release of sugar into the blood and does not lead to spikes in the blood sugar, if taken in reasonable quantities. The calorific count, however, is the same as refined sugar.

## Water release for 'kar' paddy cultivation likely before June 10



As storage level in all three major reservoirs in the district remains comfortable, the district administration will shortly forward proposal to the State Government seeking release of water from the dams for 'kar' paddy cultivation on time this year.

Informing this in the farmers' grievance day meeting held here on Friday, Collector M. Karunakaran said storage level in Papanasam, Servalar and Manimuthar dams was comfortable, thanks to the active north east monsoon last year and recent intermittent precipitation in the catchment areas.

Hence, the district administration would soon send a proposal to the government seeking release of water for 'kar' paddy cultivation this year.

"We can expect the release of water from the dams for 'kar' paddy cultivation before June 10 as the major reservoirs have comfortable storage now," Dr. Karunakaran said.

As the district is experiencing sporadic rainfall since the onset of summer this year and the systemised and non-systemised tanks across the district have decent storage owing to recent rains, 'kar' paddy cultivation this year could be a profitable exercise, hoped the farmers, who urged the Collector to initiate steps for repairing the shutters of irrigation channels.

“I’m appealing to the officials concerned repeatedly in almost every grievance day meeting seeking immediate repairing of broken shutters, through which huge quantity of water is being wasted. If we can spend a small amount, we can store huge quantity of water that can irrigate the standing crop on additional areas. Hence, the Collector should take special steps for repairing the inoperative shutters,” said R. Kasamuthu, Tirunelveli district secretary of farmers’ association.

Dr. Karunakaran immediately ordered the PWD officials to submit a comprehensive proposal on the amount of money required by the department for repairing the inoperative shutters across the district. “I’ll get it sanctioned on time so that the repair work can be completed before the onset of southwest monsoon,” the Collector said, adding that paddy direct procurement centres would be opened at Vadakarai, Kelaiyapillaiyoor and a few more areas in addition to the existing 38 DPCs.

When the agriculturists, citing farmhands’ shortage, wanted to have increased subsidy for procuring farm implements, Dr. Karunakaran said the district administration could only ensure adequate availability of farm equipment to be hired and not do anything regarding the increase in subsidy for purchasing equipment.

The farmers expressed concern over the sudden repeal of agriculture jewel loan being extended by the nationalised banks at 7 per cent interest.

A group of sugarcane growers from Maanur submitted petition to Dr. Karunakaran seeking early disbursal of money for the sugarcane they had supplied to a private sugar mill in the district.

### **Soil health cards for all farmers in three years**

Soil Health Cards will be issued to 2,47,050 farmers in the district within the next three years, said Joint Director for Agriculture (in charge) Sarnath Babu.

Addressing the farmer’s grievance day meeting at the Collectorate here on Friday, he said that the cards would of great help to the farmers since there will be details of how to fertilize soil, crops suitable for cultivation and issues that needed attention.

Explaining the procedure involved, S. Manoranjitham, Agricultural Officer (Soil Testing Laboratory), said that they had procured maps of all villages and grouped the lands with the help of GPS.

“One soil sample will be tested for 2.5 hectares of irrigated land. For dry lands, one soil sample that covers 10 hectares will be tested.

Assistant Agricultural Officers (AAO) in each block are collecting the samples from the earmarked areas under the supervision of officials from the soil testing lab,” she explained.

### **Sugarcane dues: Rs. 3,094 crore**

Of the total of 63 sugar mills in cooperative and private sectors in the State, 57 mills owe a sum of Rs. 3,094.08 crore to the sugarcane growers for the 2014-15 season as on April 30.

The sugarcane prices are being paid as per the Fair and Remunerative Price announced by the government. The total sugarcane crushed by these 63 mills was 4,38,87,996 metric tonnes and the sugar production stood at 48,52,023 MT until April 30.

As per the information available from the Cane Development & Director of Sugar, only six sugar mills have no outstanding balance as they had made full payment for the sugarcane they procured from the growers during the season. These mills were: Bannari Amman Sugars, Nanjangud; Karnataka Sugars (leased to G.M. Sugars), Haveri; Dhanalaxmi Sugars (leased to Parrys Sugar Industries), Haliyal; Soubhagyalakshmi Sugars, Gokak Shamnur Sugars, Davangere and Sadashiva Sugars, Bagalkot.

Some of the major factories in Belagavi district that have higher outstanding dues to the growers are Ugar Sugars, Ugarkhurd, Athani taluk (Rs. 149.70 crore) and Athani Farmers Sugar Factory, Athani taluk (Rs.126.90 crore).

### **Sugar recovery**

The average sugar recovery achieved by 63 sugar mills — two in public sector, 13 in co-operative sector, seven in the cooperative sector leased to other factories and 41 in private sector — accounted for 11.06 per cent. Eleven mills have achieved more than 12 per cent — Parrys Sugars 12.53 per cent, Venkateswar Power Project 12.51 per cent, Someshwara Sugars

12.37 per cent, Prabhulingeshwar Sugars 12.45 per cent, Nandi Sugars 12.19 per cent, Dhanalakshmi Sugars 12.17 per cent, Laila Sugars 12.15 per cent, Jamkhandi Sugars 12.08 per cent, Doodhsagar Krishna Sugars 12.05 per cent, Bilagi Sugars 12.04 per cent and Malaprabha Sugars 12.01 per cent.

The mills which achieved lowest recovery of 7.37 per cent and 7.92 per cent are Mysore Sugars and Pandavapura Sugars.

### **Forecasting to help in better evacuation of wind energy**

Wind energy producers in the State hope for better evacuation of wind power this year as the National Institute of Wind Energy (NIWE) plans to provide forecast of wind power availability for the entire State soon.

Tamil Nadu has nearly 7,500MW of installed wind energy capacity and the NIWE has started analysing the data and giving the forecast for four substations, one at Kayathar and three in Udumalpet. It is doing so for the last four days.

K. Boopathi, Head of Wind Resource Assessment unit of NIWE, told *The Hindu* over phone on Friday that they were providing the forecast in association with Vortex Factoria de Calculus, Spain.

Instruments are expected to be installed at all the 134 wind power substations in the State in another 45 to 50 days.

Some private wind farm developers have tied-up with foreign companies and offer wind-farm wise forecasting in the country. However, in Tamil Nadu, NIWE will provide substation wise forecasting of wind power availability for every 15 minutes for the next six to 10 days. Of the seven-eight States in the country that are major wind power producers, Tamil Nadu is the first to go in for Statewide forecasting of wind power availability.

The forecasting service will give an indication of the wind power that will be available and energy generation from other sources can be increased or reduced accordingly. It will, thus, help in better management of the power situation in the State.

Wind energy producers say that evacuation of wind energy was high in the State a couple of years ago. It had dropped during the last two years.



However, with the forecast service available during the wind season (May to October) this year, evacuation was expected to improve.

### **Sale of pesticides stopped**

The Department of Agriculture has banned the sale of Rs. 1.53 lakh-worth pesticides as it was being sold without proper permission.

According to Joint Director of Agriculture C. Chandrasekaran, agricultural operations for 'kar' paddy cultivation in the district are gradually picking up due to recent rainfall and comfortable storage level in the dams.

Since the farmers are in need of fertilizers and pesticides, the Department of Agriculture, with the objective of ensuring the sale of quality nutrients, conducted surprise checks at the shops of leading stockists in Tenkasi and Shencottah blocks.

The squad members, comprising six agricultural officers, inspected the stock of fertilizers and pesticides and checked it with the stock and price displayed in the information board.

The team also verified if proper bills were issued to the farmers for every sale.

The quality control squad also checked whether the fertilizers and pesticides were sold after getting proper permission from the Department of Agriculture.

The squad inspected 19 fertilizer and pesticide shops and found that 235 litres of pesticides, worth about Rs. 1.53 lakh, had been stocked in the shops without due permission and sale of these pesticides were stopped.

“The quality control squads will conduct similar check in the fertilizer and pesticide shops across the district in the days to come. Stringent action will be initiated under Fertilizer Control order 1985 and Insecticides Act 1968 against erring dealers,” Mr. Chandrasekaran also warned.

He said the recent rains had triggered pest attack in green and black gram cultivated in the district.

Hence, the officials had been instructed to collect details about the loss suffered by the farmers and submit the same to the Collector for disbursal of compensation.

### **Solar power park for Kerala**



Kerala is among the States selected to join a major drive to establish solar power generation under a plan rolled out by the Union Ministry for New and Renewal Energy.

The government now aims at establishing 17 solar parks across the country with a combined capacity of 12,739 MW.

25 parks

The ultimate aim is to establish a total of 25 solar parks and “ultra mega” solar parks for generating 20,000 MW of solar power over a period of five years.

While the responsibility of finding the land for the solar power park projects rests with the States, the Union government will financially assist in setting up of the facilities.

### **Rs.25 lakh for DPR**

The Central assistance will begin with an allocation of Rs.25 lakh for preparing a detailed project report (DPR), said a posting by the Press Information Bureau. The solar parks will also get an assistance of Rs.20 lakh per MW or 30 per cent of the project cost, including the cost of grid connectivity, whichever is lower.

The programme aims at creating infrastructure for setting up solar power projects in different locations in the country. It was announced by Minister of State for New and Renewable Energy Piyush Goyal in the Lok Sabha.

Under the present proposal, Gujarat will have a 700-MW solar park; Andhra Pradesh will establish two parks with 1,500- and 1,000-MW capacity each; Uttar Pradesh will have a solar park of 600 MW capacity; Meghalaya will have a 20-MW park; Rajasthan will have two parks of 1,000-MW capacity each, and Madhya Pradesh, will have a 750-MW solar park.

Karnataka, like Kerala, will establish a 200-MW solar park; Tamil Nadu will have a 500-MW solar park; Punjab will establish two parks of 500-MW capacity each; Telengana will have a 1,000-MW solar park and Uttarkhand will establish a solar park of 39 MW.

The solar parks and ultra-mega solar parks will have developed land with all clearances and facilities for transmission, access to water, and connectivity for both transport and communications. The development of the basic infrastructure is expected to speed up generation expansion in the area of grid connectivity.

## THE HINDU BusinessLine

### **Pulses, oilseeds area to bloom at cotton's cost**

Poor returns from the natural fibre force farmers to look for alternatives



Options galore The Saurashtra region is set to see a significant portion of farmers opting out of cotton and turn to groundnut, sesamum or pulses

The area under cotton that was a record 12.97 million hectares last year is set to see some stiff competition from crops such as pulses and oilseeds (soyabean and groundnut) this year during kharif sowing, mainly in central India and Gujarat.

Reason: the bullish trend witnessed in prices of pulses and soyabean in the recent months may prompt farmers to shift acreages.

“There is a lot of interest for red gram (tur) among farmers as prices are ruling high. We expect red gram acreage to go up as farmers are likely to plant it more intensely as an inter-crop with cotton,” said KR Kranthi, Director of Nagpur-based Central Institute for Cotton Research Institute (CICR).

Apart from the prevailing price of competitive crops ahead of the planting season, the rising labour cost is the other factor that could influence the farmers’ decisions as they would prefer crops that are relatively less labour-intensive.

Labour cost

Cotton, which requires 100 to 110 man days of labour per hectare, is considered labour-intensive compared with soyabean or pulses, which require 15-20 man days and 35 man days respectively, Kranthi said.

He expects the overall acreage of cotton, sown during the kharif season, to be around 12 million hectares this year.

### **Switch in Saurashtra**

The Saurashtra region, considered as the cotton hub of the country, is set to see a significant portion of farmers opting out of the fibre crop and turn to other alternatives such as groundnut, sesamum or pulses (mainly moong or urad). Sowing will begin from June and will continue till September-end.

Farmers said cotton cultivation has led to losses and uncertainty. Cotton fetched them an average of Rs.900 for a *maund* of 20 kg, which was lower than the average cost of around Rs. 1,000.

“We have seen two consecutive uncertain years in cotton. Returns are less than what we spend for cultivation. The labour cost formed 25 per cent of our cost. So we incurred losses. This year, we will not take up cotton but will go for either groundnut or sesamum, where returns are better and other costs are less,” said Mukeshbhai Lakhani, a farmer in Visavadar taluka of Junagadh District.

Notably, in past two years, cotton acreage had seen a sharp surge in Junagadh, Porbandar, Jamnagar and Gir-Somnath districts, considered as groundnut heartland.

“The major fall in cotton area may be seen in these regions as that has been historically groundnut stronghold and people would prefer to return to groundnut. Those who have lost heavily would not even have money to buy the seeds for cotton. Hence, they would take up cheaper crops such as urad, moong or sesamum,” said Ramesh Bhorniya, a farmer in Rajkot. MB Lal, Managing Director of Shail Exports, said the acreage could come down by about 10-15 per cent across the country due to low prices.

### **Acreage drops**

Exporter “Earlier, we were expecting a 30 per cent decline in area, but due to the recent improvement in prices, the drop in acreage could be lower than expected. But it is too early to comment,” Lal said. The lack of international demand, largely from China, is not supporting the fibre prices.

In central India, though soyabean yields got affected last year due to the unseasonal rains, the recent uptrend in prices is likely to attract farmers’ to the oilseed.

Davish Jain, Chairman of Soyabean Processors Association of India said the acreages this kharif could be saame as last year.

“We expect a normal sowing and that would largely depend on the timely arrival and distribution of monsoon,” Jain said.

Cotton planting is already on in the northern States of Punjab, Haryana and Rajasthan and trends indicate that the acreages are unlikely to see a change in the region.

Cotton was planted on 1.5 million hectares in North India, while in Maharashtra and Gujarat, the acreages last year stood at over 4 and 3 million hectares respectively.

### **Higher arrivals cool tea prices at Kochi sale**

Prices of several tea varieties continue to decline at Kochi auctions on increased arrivals especially in dust category.

Prices for dust varieties declined by Rs. 2-5 a kg and more towards the close. With 80 per cent getting sold, the quantity on offer in CTC was 13,93,000 kg in sale no 20. There was a better enquiry from exporters and upcountry buyers, the auctioneers Forbes, Ewart & Figgis said.

The market was also lower in orthodox grades, witnessing heavy withdrawals. The quantity on offer was 17,500 kg, showing an increase compared to last week.

In Cochin CTC dust quotation, good varieties fetched Rs. 90-130, medium grades at Rs. 65-100 and plain stood at Rs. 57-65. With low arrivals in leaf, the quantity on offer in orthodox grades was 135,000 kg.

With 90 per cent getting sold, the market for select best Highgrown Bolder Broken, Whole Leaf and Fannings barely remained steady.

The quantity on offer in CTC leaf was 78,500 kg with the market for good liquoring remained steady. Others were irregular and lower, witnessing heavy withdrawals.



# THE TIMES OF INDIA

## Average wholesale onion prices up 10%

Average wholesale onion prices at the country's largest wholesale onion market at Lasalgaon Agriculture Produce Market Committee (APMC) increased by 10% after National Agricultural Co-operative Marketing Federation of India Ltd (NAFED) started procuring onions from the market.

The average wholesale onion prices at APMCs in the district, which were in the range of Rs 950 to Rs 1,150 a quintal on Thursday, increased to Rs 1,100 to Rs 1,200 a quintal on Friday.

A Lasalgaon APMC official said, "Onions arriving in the market are of the summer crop with a shelf life of six to seven months. So, farmers prefer storing onions with a hope of getting better prices. NAFED has started onions at Lasalgaon APMC from Friday under the Price Stability Fund (PSF). Although it has bought a very less quantity, 200 quintals, it was at higher price level—in the range of Rs 1,400 to Rs 1,632 a quintal. Arrival was also low on Friday, which led to 10% rise in average wholesale onion prices."

The average wholesale onion price at Lasalgaon APMC increased by around 10% to Rs 1,200 a quintal on Friday, against Rs 1,100 a quintal on Thursday. The minimum and maximum prices were recorded at Rs 500 and Rs 1,632 a quintal, respectively. Around 10,000 quintals of onions were auctioned there on Friday.

In Pimpalgaon, the average wholesale onion price was recorded at Rs 1,150 a quintal on Friday. The minimum and maximum prices were recorded at Rs 500 and Rs 1,730 a quintal, respectively. Around 19,500 quintals of onions were auctioned there on Friday.

In Yeola, the average wholesale onion price was recorded at Rs 1,100 a quintal on Friday. The minimum and maximum prices were recorded at Rs 300 and Rs 1,545 a quintal, respectively. Around 5,800 quintals of onions were auctioned there on Friday.

## [Centre starts procuring onions through Nafed](#)

The Centre on Friday started procuring onion through the National Agricultural Co-operative Marketing Federation of India Ltd (Nafed) from the Lasalgaon Agriculture Produce Market Committee (APMC) to stabilise prices of the crop in the domestic market.

The procurement is being done under the Price Stability Fund (PSF) of the central government. According to sources, Nafed procured 200 quintals of onions on the very first day on Friday at the country's largest wholesale onion market at Lasalgaon APMC.

Speaking to TOI, a source in Nafed said, "We are procuring onions for the central government to stabilise the onion prices, which generally increase during August to October every year. We procured 200 quintals of onions of good quality from the Lasalgaon APMC at the range of Rs 1,400 to Rs 1,600 a quintal. This was the first day and arrival was also low at the market comparatively. We will continue to procure onions at Lasalgaon. Moreover, we will start procurement in another major onion market at Pimpalgaon APMC from Monday. Our major target is to procure 10,000 metric tonnes of onions. We have started procuring onions right now as the prices are low. We will store onions at our godowns and other locations until September or October. This stored stock would be released for consumers when onion prices soar at a reasonable rate."

The source added, "Currently, the onions arriving in the market are of summer crop variety with a shelf life of around seven months. Now is the peak period for the arrival of summer onions and the prices are at lower level. Our procurement of onions will also help stabilise the onion prices in the wholesale markets that will also indirectly benefit to the farmers. By this way, the government would be able to protect interests of both farmers as well as consumers."

## [NITI Aayog to get agri report by June 15](#)

The state government would submit a detailed report for development of agriculture to NITI Aayog by June 15. The decision was taken at a meeting of state-level taskforce on agriculture, headed by chief secretary G C Pati, here on Friday.



Earlier, vice-chairman of the aayog Arvind Panagariya, in a letter to chief minister Naveen Patnaik, told to form a taskforce on agriculture to address different issues, official sources said.

"We have formed different sub-groups to suggest measures for development of agriculture. They will submit their reports by June 7. Thereafter, the taskforce would prepare a final report," said agriculture secretary Rajesh Verma.

He said the state would focus on concerns of small and marginal farmers in its report as they are facing a tough time due to natural calamities and adverse weather conditions.

It will also emphasize on horticulture, vegetable farming, livestock rearing, poultry and fishery beyond paddy cultivation. Linkage of industry-food processing with agriculture is another aspect for development of agriculture sector and it will be given priority, official sources said.

There will be stress on achieving efficiency in fertilizer use by providing subsidy and improving soil health through regular testing, an officer said.

The state has total 64.09 lakh hectare agricultural land. It is divided into 10 different agro-climatic zones. The state government has been presenting a separate agriculture budget for past three years.

# Business Standard

New Urea Policy alters energy math, encourages production: CRISIL

**Govt has estimated subsidy savings of Rs 2,600 cr in 4 yrs by resetting energy consumption norms**



The new urea policy announced by the Cabinet on Monday might not be uniformly beneficial for industry. The policy tightens energy consumption norms and aims to increase production by two million tonnes. This, said a CRISIL report, would have a mixed impact.

While the new norms on energy savings would be a credit negative, as these reduce the profit on production up to a specified cut-off capacity, profit can be higher for production beyond that threshold. The policy was announced for the next four financial years. It is aimed at maximising indigenous urea production and promoting energy efficiency in units to reduce the subsidy burden on the government.

“It will enable the domestic urea sector having 30 urea producing units, to become more energy efficient, would rationalise the subsidy burden and

incentivise urea units to maximise their production at the same time,” said a government statement.

It is expected to result in additional production of around 2 million metric tonnes annually. Presently, India is importing about 8 million metric tonnes of urea out of total demand of 31 million metric tonnes.

The new policy is yet to be notified but the government estimates subsidy savings of Rs 2,600 crore in four years by resetting energy consumption norms. There will also be indirect savings of Rs 2,211 crore (total savings will be Rs 4,829 crore) on account of revised specific energy consumption norms and import substitution respectively during the next four years.

The negative impact of the policy will depend on what norms are applicable for each unit and the scope for further efficiencies. The positive impact will depend on capacity utilisation, specifically, the extent of production possible and fixed-subsidy allocated per tonne in order to incentivise production. So far, urea manufacturers have benefitted because their energy consumption has been less than the norms set by the government.

According to CRISIL, this will be directly mopped up from the bottomlines of urea manufacturers as stricter norms will translate into lower gains from energy savings unlike before. However, the policy will push manufacturers to further enhance their energy efficiencies.

Urea production can be divided into two parts: production up to cut-off capacity (nearly 90 per cent of domestic capacities) and production beyond cut-off capacity (nearly 10 per cent of domestic capacities)

For production beyond cut-off, the prevailing subsidy was linked to import-parity prices of urea. But in the last financial year, import-parity price fell, domestic natural-gas prices rose, and consumption of imported re-gasified liquefied natural gas (RLNG) increased because of which the production beyond cut-off capacity profit had dried up for most manufacturers. Depending on the domestic-imported gas mix, and the absence of any change in policy, production beyond cut-off had become unviable for some manufacturers.

CRISIL said the New Urea Policy aims to increase domestic output by encouraging production beyond cut-off. But the extent of increase in profits

can be ascertained only when the fixed subsidy for it, if any, is known.

The increase in profit will largely offset the impact of tightening of energy norms for production up to cut-off. And fixed subsidy for production beyond cut-off capacity will add to stability in cash flows. For urea manufacturers that haven't revamped their plants and do not produce beyond 100 per cent capacity, the policy will largely be negative.

Among the companies that are likely to be impacted by the policy are Chambal Fertilisers and Chemicals Limited, Indian Farmers Fertilisers Cooperative Limited, KRIBHCO Shyam Fertilizers Limited, Krishak Bharati Cooperative Limited, Mangalore Chemicals and Fertilizers Limited, National Fertilizers Limited, Rashtriya Chemicals and Fertilizers Limited, and Tata Chemicals Limited.

Earlier the government had approved gas pooling policy under which gas was provided to all urea units at a uniform price. It had decided in January to allow urea producers to produce neem coated urea up to 100 per cent of production and making it mandatory to produce a minimum of 75 per cent of domestic urea as neem coated, so that farmers are benefitted.

Neem coated urea gives higher crop yields and is not required in high quantities while using the same plot size as other urea variants. Underground water contamination due to leaching of urea also gets reduced since nitrogen in the neem coated urea gets gradually released to plants. This variant of urea is not fit for industrial use, so chances of its illegal diversion to industries will also be lesser.

The market retail price (MRP) of urea for the farmers has been kept the same at Rs 268 for a 50kg bag, excluding local taxes. Farmers have to pay an additional price of only Rs 14 a bag of neem coated urea.

The government decided to continue the existing subsidy rates for phosphatic and potassic (P&K) fertilisers (22 grades including DAP, single super phosphate (SSP), muriate of potash (MOP) etc.) under the Nutrient Based Subsidy (NBS) policy for the current year. Subsidy rate for DAP remains same at Rs 12350 a metric tonne while it is Rs 9300 for MOP. Separate subsidy for boron and zinc coated fertilisers has also been continued.

There are 19 units producing phosphatic fertilisers and 103 units making SSP. The entire requirement (approximately 30 lakh Metric Tonnes) of MOP is met from imports, since there is no resource of potash in India. About 90 per cent of the phosphates are imported.