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THE HINDU

Where the other side is really ‘greener’



Three months have gone since S. Ranganathan, a long-standing farmer of Mannargudi, visited Beijing and Shanghai to study agricultural practices and systems in that part of China. He is yet to get over his excitement of having seen a ‘wonderland’.

In a five-hour-long train journey between the two Chinese cities over a distance of 1,500 km, the farmer noticed not only high-rise buildings, normally found in and around any major urban centre, but also extensive wheat crops.

Mechanised farming

Neither human life nor any cattle was visible anywhere. It looked to him that the entire planting of wheat crop must be by mechanical methods, without manual operations and naturally, harvesting must also be by machines. "I saw miles and miles of standing crops, which cannot be either planted or harvested manually," he recollects.

Mr. Ranganathan's admiration for China does not end there. His visit to Beijing's Ecology Science Popularisation Park was quite revealing. Equating it with a rural development community or a commune, he says the Park consists of a housing colony and developed plots for an integrated farming covering animal husbandry, fishery, mini-forestry, horticulture and arrangements for full-fledged crop planning for paddy, wheat, sugarcane, and pulses besides having bio-gas power plants for self-consumption and other needs of the community.

The veteran Mannargudi farmer was one among 20 farmers from different parts of the State who went to China in May, as part of an initiative taken by the Tamil Nadu government to arrange exposure visits to four countries. His regret was that he could not get to discuss various issues with farmers or agricultural scientists of China. A private firm's representatives had briefed his team.

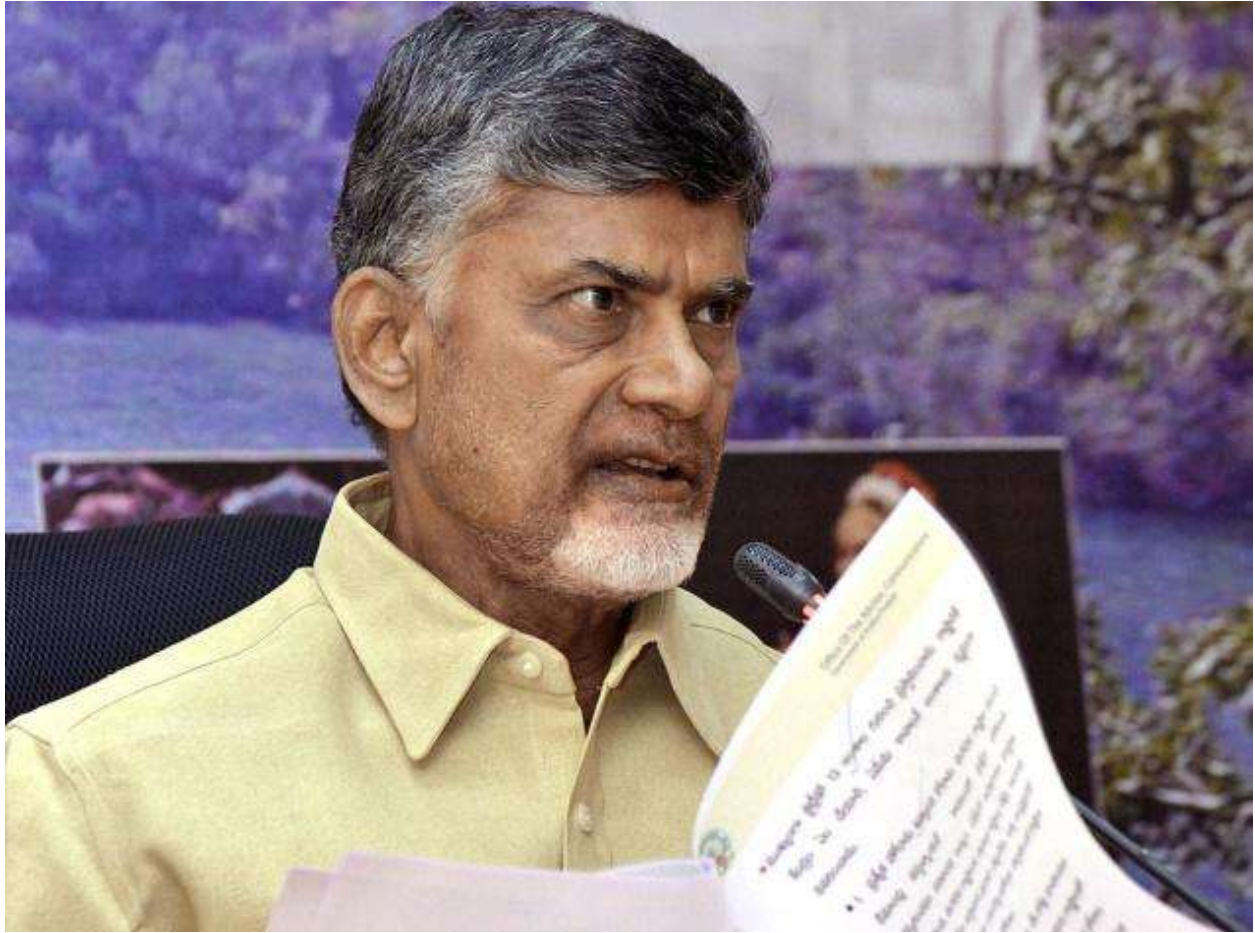
V. Sathyanarayanan, another farmer hailing from Seruvamamani, near Tiruvarur, and nine other farmers interacted with scientists at the International Rice Research Institute (IRRI), Manila. For him, the IRRI's lack of emphasis on the System of Rice Intensification, a method being promoted by the authorities in India for better paddy cultivation, was a surprise. Besides, "contrary to the advice rendered to farmers frequently in India, farmers in Philippines do not follow the rotation of crop or provide a considerable gap of time between two crops. They seem to be adopting paddy cultivation throughout the year, without adverse effects."

Two other groups of farmers went to Thailand and Israel.

Adept in marketing

C. Chandrasekaran from Palayamkottai, who went to the south-east Asian country, says that even though there does not seem to be extensive farming or very high degree of state support, Thai agriculturists are apparently adept in marketing their produce, a quality which is missing in Indian farmers. "They are skillful in doing value addition to what they produce and package them suitably for international market," he says.

More hours of power to farm sector: Naidu



Chief Minister N. Chandrababu Naidu directed the Energy Department to provide additional hours of power to the agriculture sector to save standing crop even if it imposes burden on the power utilities.

He wanted the department to work in tandem with Agriculture, Irrigation, and Revenue departments to prevent drying up of the crops. He said that rain guns / drip irrigation, tankers, and other technologies should be utilised on a large scale to mitigate the impact of the dry spell.

As per the Chief Minister's instructions, Principal Secretary (Energy) Ajay Jain directed all District Collectors to identify the areas where additional hours of power / day-time supply was required and bring the same to the notice of the Discoms.

Horticulture Department sensitising farmers to go in for drip irrigation

The Department of Horticulture and Plantation Crops has set its focus on expanding utility of drip irrigation scheme and popularising protected cultivation methods.

For promoting drip irrigation, small farmers are given 100 per cent subsidy and others are entitled to 75 per cent subsidy. In the last five years, subsidy totalling Rs. 51 crore was provided to 9,534 beneficiaries for installation of drip irrigation in 9,300 hectares. This year alone, Rs. 31.10 crore will be utilised as subsidy for covering 4,662 hectares under drip irrigation, according to official figures.

At a recent meeting in Kavindapadi, farmers were sensitised to what officials described as the methods of doubling production and tripling income through drip irrigation and protected cultivation. Officials and agricultural experts discussed the utility derived from the schemes of National Horticulture Board for turmeric, banana, tapioca, amla, flower, mango and other crops.

During the current year, subsidy of Rs. 2.41 crore will be provided to farmers dependent on horticulture crops raised in 295 hectares.

A subsidy of Rs. 8.58 crore was disbursed for 11,382 beneficiaries who had raised horticulture crops in an area of 9,306 hectares, Environment Minister K.C. Karuppannan, who inaugurated the sensitisation programme, said.

The Department will likewise accord importance for protected cultivation through creation of shade nets and green houses, for which Rs. 77.8 lakh will be spent during this year, officials said.

Seafood production: Chief Minister promises all help to MPEDA



The blue revolution plan designed by Marine Products Export Development Authority (MPEDA) gets a pat from Chief Minister N. Chandrababu Naidu in the State.

Mr. Naidu assured of all help to increase seafood production and boost exports from Andhra Pradesh, said MPEDA and Spices Board Chairman A. Jayathilak, who met the Chief Minister.

Agriculture Minister Prathipati Pulla Rao, Mr. Jayathilak, Principal Secretary (Fisheries) Manmohan Singh, Commissioner Ramshankar Naik, MPEDA Deputy Director S. Kandan, Rajiv Gandhi Centre for Aquaculture (RGCA) Chief Executive Officer K. Shanmukha Rao and other officials met Mr. Naidu on Saturday and explained the plans to improve seafood exports from AP.

“The Chief Minister praised MPEDA for its plans on blue revolution which helps to increase production and improve the country’s exchequer. We have strategies to promote mud crab culture, encourage ‘Make in India’ shrimp seed and supply the same to the farmers to lessen the investment,” Mr. Jayathilak told *The Hindu* on Sunday.

He said that many progressive farmers, hatchery owners and aqua exporters are there in the State, and a meeting was held with all aquaculture stakeholders in West Godavari recently, the MPEDA and Spices Board Chairman said adding that the Spices Park located in Guntur district would be developed.

“We explained Mr. Naidu about the potential to develop aqua farming in the State and the plans to involve women groups in mud crab culture and trading of frozen shrimp, live and dried items in the international market, and the Chief Minister responded positively and promised to extend help from the State government to MPEDA,” Jayathilak said.

He further said that the State with its rich variety of fish, crabs and shrimp can tap the huge demand in the international market. Dr. Kandan said that MPEDA in association with Fisheries Department and the RGCA is searching for new fish and shrimp zones, impart training to aqua farmers on farming new varieties to boost marine production.

“MPEDA which is exporting seafood products to European Union, USA, Japan, South East Asia, China and the Middle East is searching for new avenues in the international market. We are conducting training classes for farmers from Tamil Nadu, Odisha, Karnataka, AP and other States on better farming practices,” Mr. Shanmukha Rao said.

Kerala mulling land on lease in State for cashew crop



The Kerala Government is contemplating acquiring 50,000 hectares in Andhra Pradesh to raise cashew crop.

If the A.P. Government agrees to give land on lease, the cultivation will be taken up by the Kerala Agency for Expansion of Cashew Cultivation (KSACC). The autonomous agency was set up in 2007 with headquarters in Kollam to explore taking up cultivation in more area following migration of several cashew farmers to rubber crop.

The lease issue will figure during a meeting of the Kerala Minister for Fisheries, Cashew Industry and Harbour Engineering J. Mercykutty Amma with A.P. Agriculture Minister Prathipati Pulla Rao in Vijayawada on Monday.

Ms. Amma, who is on a visit to Visakhapatnam to interact with industrial and cashew workers to seek support for the September 2 general strike, told *The Hindu* on Sunday that she would make a formal proposal during the talks for sanction of 99-year lease.

Asked whether they had made any study or zeroed in on any place for cultivating cashew, she said they were yet to make a specific study. “Whatever, our workers are known for their superior skills in cashew cultivation and processing. As of now, we want to take land on lease near Rajamahendravaram area.”

The Minister said once the A.P. Government evinced interest a high-level team would be sent for preparing a detailed project report.

Flight of units

The Minister said that due to payment of high wages to cashew workers over 100 units had migrated to Andhra Pradesh. During the talks with Mr. Pulla Rao, she said she would request the A.P. Government to revise minimum wages on the lines of Kerala.

Presently, Kerala is producing 75,000 tonne of cashew crop.

“Land has become a big problem for us. Hence, we are looking at exploring various alternatives,” she said.

Better prospects for sunflower cultivation



After a gap of five years, the area under sunflower cultivation in Tiruchi district has increased thanks to attractive price for the produce. The area came down drastically over the past few years due to various factors particularly pest attacks. But this season has witnessed a turnaround.

A large number of farmers who bore the brunt of the poor yield due to pest attack since 2009 had given up the crop over the past five years. The district originally accounted for 250 hectares and the crop was mainly raised in Thuraiyur, Thathaiyengarpet and Musiri blocks till 2009. But, the area got reduced gradually and stood at just 70 hectares during 2015. Farmers had raised other crops between 2010 and 2015. But, this year, the area

under coverage stood at 235 hectares and Uppilliyapuram and surrounding villages alone accounted for a maximum area of 60 hectares.

“A gap in the cropping pattern for about five years and the subsequent shift in cultivation has resulted in fertility of soil,” said an official of Agriculture Department. This year, the area has shot up to 235 hectares. Apart from soil enrichment, attractive price for the crop has contributed to farmers returning to the crop, an official told *The Hindu* .

The price of sunflower stood at Rs.35 per kg this year against just Rs. 26 last year. The average investment per acre was Rs.12,000 and farmers got returns of about Rs.35,000. “Farmers can net about Rs.20,000 in about two-and-a-half months,” the source said.

The duration of the crop was 80 days and most farmers had raised hybrid variety. The quality of flowers this season is quite appreciable, probably due to the enrichment of the soil.

Peacock problem

Farmers of Pagalavadi near Thuraiyur say that they have taken to sunflower cultivation after a gap of seven years. They have taken care to prevent pest attacks. Pushpam Pitchamuthu, a farmer, said that she had cultivated the crop on about one acre and was confident of higher returns this year.

She complained that peacock problem was a great challenge to the sunflower growers. The birds caused more damage at the time of harvest, she added and appealed to officials concerned to take action.

Plan to produce 1.45 lakh tonnes of foodgrains



It has been planned to produce 1.45 lakh tonnes of foodgrains during the current year. The State produced 1.30 lakh tonnes during the previous year, Agriculture Minister R. Duraikannu said here on Saturday. Given the circumstances, in particular the availability of water, Chief Minister Jayalalithaa's samba package for the farmers is the most acceptable measure to help farmers cultivate samba paddy comfortably, he told farmers at the samba package awareness meeting conducted here.

Assuring that Ms. Jayalalithaa was keeping the interests of the farming at heart always and working for their uplift and development, Mr. Duraikannu pointed out that following the huge benefits the special kuruvai packages bestowed on the farmers who took up kuruvai paddy cultivation in the past few years, the State Government has announced the samba special package. The package granting benefits worth Rs. 64.30 crore for the delta farmers who take up samba paddy cultivation in the current season would immensely help the farmers, he said.

The pioneering efforts of Ms. Jayalalithaa, through the Department of Agriculture, has resulted in Tamil Nadu bagging the top honours in foodgrains production in the country for the past three years consecutively. The Minister said that last year the foodgrains production was to the tune of 1.30 lakh tonnes. Like the previous year, this year too Thanjavur district must top the State in foodgrains production, he urged the district farmers and officials.

Collector A. Annadurai, MPs R. Vaithilingam, K. Parasuraman and R.K. Bharathi Mohan, Mayor Savithri Gopal, MLAs C.V. Sekar and M. Govindaraj, District Panchayat Chairperson Amudharani Ravichandran, Joint Director of Agriculture Krishnakumar, Director, Aduthurai Rice Research Centre, V. Ravi and others spoke.

Women get field lessons in mechanised farming



The Agriculture Engineering wing of the Department of Agriculture on Saturday organised a training programme for about 40 women from various Community Development Societies of the Kudumbasree Mission on how to operate farming machines.

The special programme was conducted at a field at Chelannur with the support of the Kelappaji College of Agriculture Engineering. An expo of commonly used and popular farm equipment was also organised.

Officials from the Agriculture Department said the women were trained in operating tractors, grader tillers, tree pruners, chain saw and rotavator. A separate session on repairing the damaged machines and the precautions to be taken while handling mechanical parts was also held. Participants said they got hands-on training in operating the machines on the field and the techniques of correcting common mechanical failures.

Exploring untapped job opportunities

“We are now fully confident of handling the machines independently and are ready to explore the untapped job opportunities in the sector,” they said. Resource persons from the Kelappaji College of Agricultural Engineering coordinated the one-day training programme, which was inaugurated by Chelannur block panchayat president O.P. Shobhana. Assistant Executive Engineer (Agriculture) T. Ahmed Kabeer was also present.

Officials said it was the second round of training that was being organised in the district.

AGRICULTURE

EXCHANGING NOTES TO BOOST AGRICULTURE

In a move to promote innovation in agriculture sector, farmers of Rajasthan and Chhattisgarh will exchange experiences based on new experiments being done in the field of farming in both the states.

“The two states have different climatic conditions as well as variety in types of soil. Exchanging new ideas and best practices will help farmers of both the states to combat challenges faced in agriculture sector, besides enhancing productivity,” an agriculture department official said on Friday. Chhattisgarh Chief Minister Raman Singh had during a meeting with Rajasthan’s Agriculture Minister Prabhulal Saini recently at Kota in the western state expressed mutual consent on this step, he said. PTI

PUDUCHERRY

Puducherry Chief Minister V. Narayanasamy will present the 2016-17 budget on August 29 in the Assembly. Narayanasamy held discussions with representatives of industries associations, farmers and government officials among others as a pre-budget exercise.

CHATTISGARH

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in the field of farming in both the states.



Scientists hope new varieties can start Africa rice revolution



The first hybrid rice varieties developed in sub-Saharan Africa are yielding up to four times more than other improved varieties, say scientists, who are using web-based tools to identify the right climate conditions to maximise harvests.

The 15 hybrids, bred in Kenya and Tanzania, are also tolerant to diseases and the high temperatures found in Kenya's western Lake Region and coastal areas.

Local farmers have always depended on imported hybrid rice varieties, particularly from Asia, which sometimes do not adapt well to conditions in sub-Saharan Africa.

As the climate shifts and arable land shrinks under population pressure, experts say there is a need for more innovative ways to produce food.

Africa's food deficit is projected to increase to 60 million metric tonnes by 2020 if no action is taken, according to the Alliance for a Green Revolution in Africa (AGRA).

Joe DeVries, director of an AGRA programme to strengthen Africa's seed systems, said productivity on the continent is limited by the fact that farmers have a narrow choice of improved varieties.

"Most of them (are) planting varieties that were released more than 30 years ago," he said.

Denis Kyetere, executive director of the African Agricultural Technology Foundation (AATF), which has developed the new hybrids in a public-private partnership, said hybrid technology had revolutionised rice production in Asia, especially in China.

Asia's productivity dramatically increased from an average of 1.89 metric tonnes per hectare in 1949 to 6.71 tonnes per hectare in 2012.

"With this technology, we look forward to Africa being able to feed Africa," said Kayode Sanni, project manager for rice at the AATF. In 2014, Africa imported 12 million tonnes of rice, mostly from Asia, he noted.

The AATF, in collaboration with private firm Hybrids East Africa Limited, has so far developed 140 hybrid rice varieties using African parent lines.

Of these, 15 – each yielding 7 to 10 tonnes per hectare – have been presented to the Kenya Plant Health Inspectorate Service (KEPHIS) for national performance trials.

US-based aWhere Inc, a partner in the hybrid rice project, has developed web-based tools that allow scientists to determine when and where to conduct breeding, seed multiplication and seed production to take advantage of the best climate conditions.

BEATING EXPECTATIONS

Improved inbred rice varieties, such as the New Rice for Africa (NERICA) lines, are already in use on African farms.

With this method, two different parent varieties are cross-bred, and their offspring are selected through several cycles of self-pollination, or inbreeding, to get the desired result.

The end product has the ability to reproduce itself through self-pollination because the rice plant flowers contain both the male and female organs.

With hybrid varieties, the parent plants are crossed separately with new varieties, and the offspring from those crosses are united to produce a first-generation hybrid seed, which performs better than both parents. The process is repeated each time.

Currently, the average yield of inbred rice varieties in sub-Saharan Africa is 2.3 tonnes per hectare. But in trials, some of the new hybrids have produced between 7 and 10 tonnes per hectare, said Sanni, more than the breeders had hoped for.

"I think it is a tremendous breakthrough," he added.

One potential problem is that seeds harvested from hybrid plants are not recommended for replanting because their superior performance is lost due to genetic separation, resulting in a lower yield.

That means farmers do not save seed from their harvest to plant again, and seed companies must cross the parent materials every season to produce new hybrid seed for planting.

“This has always been a setback – particularly for farmers who cannot afford higher prices of hybrid seeds. But through this project, we have developed an innovative way of helping the poor farmers, so that they can borrow the seed and pay (it) back only after harvest,” said John Mann, managing director for Afritec Seeds Ltd, which is testing more than 100 hybrid varieties under the AATF’s “Breeding by Design” project.

EAGER FARMERS

Although farmers will have to buy seeds each time they plant, the extra profit from the hybrids’ higher yield is expected to be far higher than the cost of the seeds, said Sanni.

Apart from Egypt, which has been producing hybrid rice on a commercial scale for over a decade, no other African country had succeeded in developing its own local hybrid rice.

Egyptian farmers have improved the country’s average rice production to almost 10 metric tonnes per hectare, a feat praised by the UN Food and Agriculture Organization and others.

Farmers who are participating in the trials in East Africa are eagerly waiting for the hybrid seeds to be officially released for commercial use – probably in less than a year, after two seasons of trials by KEPHIS.

“We have already set aside money to buy the new breeds,” said Charles Wawo, a rice farmer and chairman of the Ahero Irrigation Scheme Multi-Purpose Co-operative Society in Kisumu County in western Kenya.

Kenya and Tanzania will be the first beneficiaries of the new hybrid varieties. Trials will then be rolled out in other countries in East, West and Southern Africa, Sanni said.

Himachal Pradesh government to organise apple festival in Shimla, Chandigarh, Delhi

Himachal Pradesh government has decided to organise ‘apple festival’ in Shimla, Chandigarh and Delhi to showcase Himachali apples and “other organic products of the state”.

The decision was taken in a meeting chaired by Chief Secretary V C Pharka.

“The main purpose of organising this festival is to educate people about various varieties and qualities of apples being produced in Himachal, which has emerged as the fruit bowl of the country,” he said.

“Besides apples, organic crops like rajmah, mash, being produced in the state would also be showcased during the festivals which will go a long way in promoting them among the orchardists,” he added.

The Apple Festival would be organised by the Tourism department in association with HPMC, HP Tourism Development Corporation, Horticulture and Agriculture departments.

Himachal has around Rs 4000-crore strong apple economy and with sustained efforts of the state government, the area under fruit cultivation had increased manifold, Pharka said.

Apple cultivation in Himachal Pradesh has become the mainstay of over 1.7 lakh families as apple constitutes about 49 per cent of the area under fruit crops and about 85 per cent of all fruit production.

Maharashtra government gives Rs 28 lakh for farming inside jails



The state government has allotted Rs 28 lakh to be spent on the ‘mechanisation of farming inside state prisons’, which will pave way for procurement of farm implements, machines and farming material that will help improve the yields as well as make the experience more useful for the inmates. The amount will go into buying the equipment for both closed as well as open prisons under the state prisons department.

“We are now getting Rs 28 lakh. In the next leg some more prisons will see modernisation of its farming,” said a senior officer with the prisons department headquartered in Pune.

As per department records, the state jails have a total of 802.03 hectare of area divided in 28 jails. Of this, 326.83 hectare area (40.75 per cent) is agricultural land. Of the available agricultural land, nearly 57 per cent or 186.52 hectare land is under irrigation. Area under forest tree plantation is 171.01 hectare and 80.91 hectare is barren land.

“The gross revenue from prison agriculture is Rs 3.5 crore of which about Rs 2 crore is net profit,” said the official.

Hailstorms damage Himachal Pradesh apple produce



Small and less succulent, the apples from Himachal Pradesh in 2016 have been quite a disappointment. Experts, however, say that things will change for the better after the mid-September harvest.

“This time there was widespread and abnormally high damage to all stone fruit crops (apricots, peaches, etc.), as well as the apple, because of hailstorms in April and May when the fruit was in the development stage,” S.P. Bhardwaj, a former Joint Director at the Y.S. Parmar University of Horticulture and Forestry, told IANS.

The damage, he said, was widely reported from the mid-hills of Shimla, Kullu and Mandi districts. “The damage slowed down the fruit’s growth and development. A lean winter and less rainfall during the monsoon, too, affected the crop,” he said.

But the impact was lesser for orchards in the higher ranges that were unaffected by the hailstorms and where harvesting takes place only by mid-September.

Reports from the field say prominent mid-hills apple belts in Kotkhai, Balsan, Kiari, Chirgaon, Maroag, and Rohru in Shimla district, Karsog, Churag and Seri in Mandi district and Ani and Dalash in Kullu district were badly hit by the hail.

According to Bhardwaj, the plant first repairs its own damage and only then helps the fruit to attain its true size (the average apple weighs between 180 and 225 grams). This is the reason for the undersized, less-juicy fruit – not quite the apple of the consumer’s eye.

Add to this the 50 to 60 per cent crop deficit in 2016, and you know why the business has not been great so far. There is good news round the corner, though. The harvesting of crops in the apple orchards in the higher reaches is yet to happen and the fruit in Himachal Pradesh – at altitudes above 8,000 feet – is healthy and still ripening.

“The harvesting in the high reaches will begin by September 15. There is no damage to the crop here by the hail,” said Sanjeev Khimta, an apple farmer from Thanedar in Shimla district. The delicious variety of apples from Kinnaur district, known for their natural sweetness, colour and succulence, will hit the markets in mid-October.

Estimates by the horticulture department say that in the 2016 season, the overall production of apples in the state is likely to be 50 to 60 per cent less than the last season’s bumper production of 755,000 tonnes or 37.5 million boxes of 20 kg each. Himachal Pradesh is one of India’s major apple-producing regions, with more than 90 per cent of the produce going to the domestic market. Apples alone constitute 89 per cent of the state’s fruit economy of Rs 3,500 crore (\$520 million).

But a beaming Horticulture Minister Vidya Stokes, a prominent apple grower herself, said the farmers are getting record prices. “The growers are in the habit of plucking the fruit early to get higher rates. Though the production is less this time, our farmers are getting 20 to 25 per cent higher prices compared to the previous years,” she said.

A top quality 20 kg apple box is selling at between Rs 1,800 and Rs 2,200 at the orchards in Shimla district, said a grower. This is around Rs 500 higher than last year. Horticulture department officials say that till date, over three million boxes of apples have been sold.

The apple yield was 625,000 tonnes in 2014-15, while it was 739,000 tonnes in 2013-14, 412,000 tonnes in 2012-13 and 275,000 tonnes in 2011-12, according to the Himachal Pradesh Economic Survey for 2014-15. The yield was at an all-time high of 892,000 tonnes in 2010-11. Besides apples, other fruits like pears, peaches, cherries, apricots, kiwis, strawberries, olives and plums are the state’s major commercial crops, as also almonds.

Haryana govt seeks assistance from World bank for development of agriculture in state

Haryana government has sought technical expertise and resources from the World Bank for development of peri-urban agriculture and climate smart agriculture in the state.

The issue was discussed in a meeting of the Haryana Agriculture Minister O P Dhankar, who is touring US, with the officials of the World Bank. As per the proposal of Haryana government, in order to break the wheat-paddy cycle, the government would promote growing of horticulture crops especially in the National Capital region.

The aim is to supply items of daily needs to residents of the NCR. The proposal was mooted after Dhankar toured China and saw a similar pattern being followed in Beijing.

At present, 4.9 lakh hectares of total cultivable land in Haryana is covered under horticulture crops. It is proposed to double this in the next 10 years. It is expected that the demand for milk and milk products, fruits, vegetables, poultry products and flowers in the BCR could be met through peri-urban agriculture.

During the meeting held on Sunday, Dhankar sought technical expertise for the project. He also informed the officials that the Haryana government has paid farmers Rs 2200 as compensation after damage to their crops.

Monsoon bonanza: Good harvest likely to lift rural incomes after 3 years



Sowing of most summer crops has risen higher than normal on the back of good rains, latest government data show, pointing to a plentiful harvest after a devastating two-year drought.

A good harvest, key to prosperity for half of all Indians, could lift rural incomes for the first time in three years. An improvement in rural incomes is likely to provide a tailwind to the Modi government's growth agenda by boosting spending on consumer goods.

The area under pulses is nearly 40% higher than the normal, yet another sign that India's mostly poor farmers respond promptly to policy measures. Pulses, a scarce item, have roiled household budgets over two years because India has had to rely on costly imports.

The increase is mainly because of higher minimum support prices (MSPs) and the government's decision to build a buffer stock. MSPs, which act as a floor price for farmers, help avoid less-profitable sales when the government builds a buffer by buying the produce.

If a better harvest puts a lid on prices, it may give the new RBI governor legroom to cut interest rates.

"But please remember that food prices may not come down because of higher output alone. Supply side constraints have to ease too," said Akash Goel, an economist with Comtrade, a commodities firm.

India set to reap monsoon bonanza with bumper crop

NEW DELHI: Sowing of most summer crops has risen higher than normal on the back of good rains, latest government data show, pointing to a plentiful harvest after a devastating two-year drought.

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The area under rice stands at 36.3 million hectares, nearly 4% higher. Coarse cereals, an important source of rural diet, were also 3.5% higher than the normal area.

"A good harvest which looks likely this time across all major food crops does have the potential to generate more income for the farmers that will be spent partly on non-food items," said Madan Sabnavis, the chief economist with Care Ratings, which tracks the farm economy.

Among food crops, only sugarcane area has ended up lower, which may force India to import the item for the first time in six years. Prices of the sweetener have already risen 32% in July compared to a year-ago period.

The area under cotton, another crop shriveled by drought, has also shrunk 11% at 10.2 million hectares currently.

Good monsoon to boost rural demand

India's farm sector contributes 15-16 per cent of the country's GDP and given that even today only 35-40 per cent of the cultivable land is under assured irrigation, monsoons play a crucial role.

The south-west (June-to-September) monsoon has been normal so far, but, the India Meteorological Department (IMD) expects it to complete at 106 per cent of Long Period Average (LPA) - which is an 'above normal' rainfall.

This is encouraging, as it will stoke food grain output. For 2016-17, the Agriculture Ministry has set itself a target of producing 270.1 million tonnes of food grains. Last year, the total output was 252.23 million tonnes (fourth advance estimate). In 2013-14, a year of record production in food grains, the total output was 265.04 million tonnes.

According to the latest information available from the Agriculture Ministry, the total area sown under all kharif crops as on August 19 is 992.76 lakh hectares, up from last year's 938.57 lakh hectares. The area sown for coarse cereals is up 7.5 per cent, for pulses is up by 35 per cent and under groundnut is up by 28.5 per cent.

In 2015-16, despite a not so bad growth in industries (7.4 per cent) and a strong 9 per cent growth in services, the overall GDP growth was only 7.6 per cent, as the agri sector grew by a smaller 1.2 per cent.

In 2016-17, however, NITI Aayog expects agriculture growth to rebound to around 6 per cent and contribute 100 basis points to the overall economic growth.

The other positive of a good monsoon is that it will bring down food inflation and increase the disposable income in the hands of consumers.

Which stocks will be impacted?

FMCG and consumer durable goods makers derive a large portion of their demand from the rural sector. Hence, bountiful rains should see these players benefit from increased disposable income in the hands of their target consumers. Dabur India, HUL, Jyothy Labs, Colgate, Whirlpool of India, V-Guard Industries, Blue Star, TTK Prestige, Havells India and Bajaj Electricals are some stocks that can benefit. FMCG players will also see

their margins expand if the price of inputs drops further. Gold jewellers and also automakers, including Mahindra and Mahindra, a leading player in tractors segment, and Hero MotoCorp and Maruti Suzuki, should see sales grow.

Some of the stocks mentioned above have seen a sharp price rally in the last two months. But, in the coming quarters, if results show pick-up in earnings, they may see more action in the bourses.

Growth springs



Bountiful rainfall this year, which followed two consecutive years of below-normal monsoon, has brought cheer not just to farmers but also to investors in agri stocks. Even as the offtake of agri-inputs remained sluggish in the June quarter due to a delayed monsoon onset, pick-up in rainfall during July and August has come in as a big relief for the sector.

The positive impact of improved sales in the last two months should reflect in the current quarter performance of agri-input players, particularly agro chemical producers. While the stocks of many crop protection manufacturers have rallied in the last few months, there are still value picks in this space that can deliver healthy gains in the long term. The stock of Insecticides (India) is one such. The stock has delivered 44 per cent gains since our last recommendation this February.

Yet, given the long-term prospects of the company, the stock looks attractive from a two to three-year horizon. At the current price, it trades at about 13 times its 2017-18 expected earnings, compared to its historical band of 12-14 times.

Healthy prospects

After two consecutive years of weak performance, Insecticides (India) is well geared to return to the growth path in the current year. The company's growth prospects seem healthy over the next two years on three counts. First, it has a strong pipeline of products developed on its own. It has a formulation portfolio of nearly 120 products.

For instance, the company in June launched the generic version of Nominee Gold brand (sales of about Rs. 200 crore by peer PI Industries, under the brand name Green Leaf); this is a post emergence broad spectrum herbicide which can be used for all types of rice cultivation — direct sown, nursery and transplanted rice. Contribution from this product has been improving steadily and this should provide a leg up to sales and profitability.

Expanding basket

Also, the company plans to strengthen its second line brands — Super 11 brands — such as Prime Gold, Sargent, Selector and Indan, besides the top nine navarathna brands. This should boost revenue growth.

Besides crop protection chemicals, the company is also looking to expand its product portfolio by setting up a bio products wing, with a dedicated bio R&D laboratory. It launched its maiden bio fertiliser product, Mycoraja in 2013, and the research team is working on developing three-four new products to be launched in the next few years.

Second, the company is expanding its partnership with MNCs for selling their branded products in India. This should not only help accelerate the company's revenue but also add significantly to its margins, given that these are innovative branded products. For instance, in July, Insecticides (India) announced a tie up with Momentive Performance Materials Inc for selling its products Agrosprec Max and Agrospred Max. In August, it firmed up an agreement with Japan's Nihon Nohyaku Co to launch new products for paddy, pulses and vegetable crops. Insecticides (India) will launch a new generation insecticide - Suzuka and plans to introduce Hakko, an insecticide targeting brownplant hopper in paddy crop. The company has already partnered with American Vanguard Corporation's subsidiary AMVAC and Japan-based fine chemicals producer Nissan Chemical Industries.

Third, over the next couple of years, the company expects to launch its own innovative products which are currently being developed under a joint venture with Japanese crop chemicals manufacturer OAT Agrico Co. This, when it happens, should provide a leg up to Insecticides (India's) profitability.

While Insecticides (India) holds good growth promise, thanks to its strong portfolio, given that a large part of the agricultural land is still rainfed, agrochemical sales are

closely linked to monsoon. A below monsoon rainfall can hamper the company's prospects.

In the latest June quarter, Insecticides (India) reported 7 per cent revenue growth mainly led by formulation sales. The company's technical(bulk)sales was impacted by high channel inventory. To address this, Insecticides India offered discounts to dealers.

Despite this, the company managed to maintain operating profit margin of about 12 per cent during the June quarter, helped by better product mix and higher contribution from new launches such as Green Leaf.