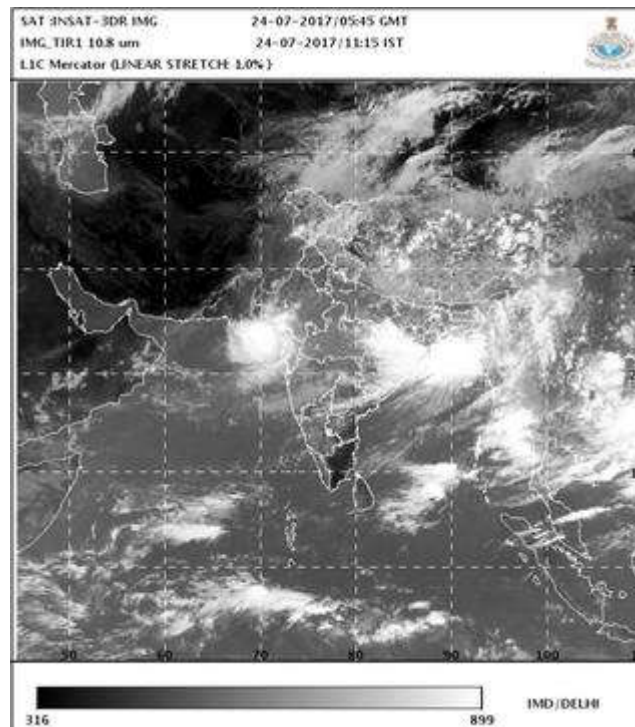


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# THE HINDU BusinessLine

## Monsoon fury unabated in Gujarat, Rajasthan and Bengal



As expected, yet another low-pressure area has evolved over East India, but indications are that this could be the last in the current series of the monsoon weather-driving systems.

Indications are that even this 'low' would not be able to make much headway since, contrary to expectations, a predecessor is still active over South Rajasthan and could stay so for two more days.

This would not leave much space for the latest 'low' to travel into Central India, leading it to merge into its more prominent predecessor and settle in an east-to-west trough formation.

The area covered by this trough extending from Rajasthan, Uttar Pradesh, northern parts of Madhya Pradesh, Bihar, Jharkhand and the rest of East India will witness a wet spell until July 29.

Meanwhile, India Met Department (IMD) has forecast heavy to very heavy rain for Gujarat and Gangetic West Bengal today as an active 'low' hung over these areas.

An almost similar outlook is valid for South-West Rajasthan and Jharkhand; South-East Rajasthan and Odisha; East Uttar Pradesh, Bihar, hills of Bengal, Sikkim, Chhattisgarh and the North-Eastern states.

Forecasts indicate formation of another monsoon circulation in the Bay around the time the ongoing rain spells weaken out (by the weekend that coincides with the month-end), but this may not last long.

The US Climate Prediction Centre sees largely dry conditions over most parts of the country during the first week of August, except over Kerala and adjoining coastal Karnataka.

(This article was published on July 24, 2017)

### **Panel of economists urges PM to consider commercialisation of GM mustard**



The proponents of genetically modified technology in agriculture have got support from unexpected quarters in India. A group of 33 economists have petitioned the Prime Minister to favourably consider the commercialisation of GM mustard.

In an open letter, the group calling themselves concerned Indian economists, claimed that by bringing hybrid vigour, GM mustard seed breaks the yield barrier leading to higher yields. Hybridisation is a well-known and accepted way to increase yields and has done so for diverse crops such as cotton, maize, sorghum and vegetables.

GM mustard has been successfully evaluated for food safety, environmental safety and agronomic superiority by the Genetic Engineering Appraisal Committee (GEAC) of the Government of India. Several public sector institutions conducted research trials on their

safety and efficacy, apart from the fact that this technology has been in use for the last two decades in Canada, the US and Australia without any adverse consequences.

There is, therefore, no reason to deny the technology to our farmers, the signatories, who include, Ch Hanumanta Rao, former Planning Commission member, Y.K. Alagh, former Union Minister for S&T, Mahendra Dev, Director Indira Gandhi Institute of Development Research, P.G. Chengappa, President Agricultural Research Economics, N Chandrasekara Rao, Institute of Economic Growth; Uma Lele, former World Bank economist; Sangeeta Shroff, Gokhale Institute of Politics and Economics; and Bharat Ramaswami, Indian Statistical Institute, among others, claimed.

In India, GM cotton is the only crop that has been given approval for commercial cultivation in the past two decades. Successive governments have gone by committee recommendations and bowed to pressure from anti-GM groups in expanding the basket of crops. Globally, GM technology remains controversial, even as technology marches on with newer varieties of corn, soya and vegetables.

The opponents to commercialisation criticise the regulatory process. The integrity of the regulatory process is paramount and it should be protected at all costs. Products that meet the benchmarks laid down by a fair, transparent and rigorous regulatory process should be approved for commercialisation.

However, it is self-defeating to test indefinitely. That amounts to a ban on commercialisation of all GM crops. That may serve the critics of GM crops. But, surely, that is not the intent of the Government of India.

Foregoing yield increases is costly – especially to the poor. The seed-fertiliser technologies of the 1960s reduced poverty, increased farm wages and incomes. Bt cotton, introduced in 2002, accomplished the same in many parts of the country. These crops have disseminated widely, which is a testimony to how farmers have valued them. Higher yields augment limited land resources and alleviate farmer distress, the economists said in the letter.

Technology is not a magic bullet. Complementary policies, such as for water, land, inputs, prices, credit and insurance will continue to be needed. Cooperatives and producer companies are important to ensure inclusive growth.

However, sustainable development requires that we encourage technologies that conserve our scarce resources. The University of Delhi developed GM mustard with financial support from the National Dairy Development Board and the DBT. GM mustard is an achievement of the Indian public sector. Its release will encourage and empower researchers in the public sector to bring in advanced quality traits in mustard as well as in other crops, they said, to buttress their argument for its release.

## **What ails the farm sector-I: Maharashtra farmers angry despite bumper pulse harvest, prices crash on oversupply**

India's biggest-ever farm loan waiver scheme is underway in Maharashtra, more drought-proofing plans are afoot than ever before. But the malaise in the agriculture sector runs deeper, and more wide-ranging, nuanced policy interventions will be needed.



In the current kharif season, having been hit by the price crash, farmers have reduced acreage of tur, with a 25 per cent dip in Maharashtra, according to pulse and commodities traders. (Representational image)

Just 18 months ago, Jalna farmer Chandrakant Kshirsagar sold the couple of quintals of tur (pigeon pea) he produces at Rs 8,000 a quintal. This year, after waiting months for prices to rise, he finally sold his produce at Rs 4,000 a quintal, making exactly half last year's earnings even as his input costs have grown.

Other farmers who sold at Rs 3,200 a quintal had fared so much worse, he reasons, explaining why pulse producers, all habituated to volatility in pulse prices, are still the angriest among Maharashtra's farmers this year. Many of them small and marginal farmers especially in Marathwada where Latur and Nanded districts produce tur, urad and moong in large quantities, pulse farmers fully anticipated a bumper crop in 2016-17.

An excellent monsoon had followed two consecutive drought years, prices were sky-high last year, and there was a government-induced increase in acreage of pulses. “Everybody knew we would have an excellent output. And still, we now have a glut of imports, so much so that the oversupply will not end any time soon,” says Rajan Kshirsagar, a farmer and Left leader from Parbhani in Marathwada, a mostly dryland farming region that produces much of Maharashtra’s approximately 1.5 million tonnes of pulses annually.

Current wholesale rates for tur are still approximately Rs 3,700 a quintal. And to add to farmers’ woes at having to sell way below the MSP of Rs 5,050 a quintal, there are allegations that cartelised traders abused the government’s procurement process by selling to government centres at the MSP, at huge profits. Maharashtra is a major pulse-producing state, among the top four.

While pulse farming across India is largely unirrigated, the problem is more acute in Maharashtra, where only 8.7 per cent of land under pulses is irrigated, making the 16 per cent share of Maharashtra in India’s pulse production especially vulnerable to monsoon shocks. (In Uttar Pradesh, 35.1 per cent of area under pulses is irrigated).

It follows naturally that the plentiful monsoon of 2016-17, and government policy promoting pulse production, saw area under pulses in Maharashtra grow from 20,06,000 hectare in 2015-16 to 25,57,000 hectare – a 28 per cent rise. From 6,11,000 tonnes last year, output ballooned to an estimated 17,51,000 tonnes, a 187 per cent rise.

In the current kharif season, having been hit by the price crash, farmers have reduced acreage of tur, with a 25 per cent dip in Maharashtra, according to pulse and commodities traders. But everybody is unanimous that the reduction in acreage will not help tackle the existing oversupply.

“Maharashtra’s farmers are sowing less tur because of crashing prices, but supply will not come down so soon. The rains are going to be good, so it is a reasonable assessment that prices will remain depressed,” says Dr Dharmakirti Joshi, chief economist at Crisil.

Also, price volatility in pulses, a cyclical problem, is neither peculiar to Maharashtra nor unusual. Dr Joshi says the massive volatility in pulse prices has been a constant phenomenon over the last 15 years or so. “Every third year there is a price spike and then a crash, and the volatility is directly linked to production. Farmers look at experience of high prices and sow more, so prices fluctuate.”

Dr Joshi believes a 10 per cent price increase annually is good incentive from farmers’ perspective, but a mechanism needs to be devised to smoothen prices. “Firstly, you have to de-risk agriculture from rains – irrigation is key. Alongside that, better food management can ensure that volatility is kept under control, through buffer stocks and other measures.”



That import arrivals of pulses continued even as it became apparent that there is a bumper crop locally contributed to the glut. “Structural solutions are needed from a long-term perspective, but in the short term, various devices on imports, buffers and so on are needed.” Nitin Kalantry, one of Latur’s larger pulse traders, says imports from Africa are at about Rs 3,000 to Rs 3,300 a quintal and from Burma at Rs 3,400 a quintal. “So prices will definitely not rise dramatically in the near future,” he says. In addition, Kalantry says, there’s a 1.10 million tonne buffer stock with the government at the all-India level and traders are wondering how and when this will be disposed of. Also, he says farmers continue to hold about 15 per cent of their stocks, hoping prices will rise.

Also, while government buyouts themselves will not suffice to tackle the oversupply, many say the procurement process itself should have been better streamlined. Kshirsagar, the Parbhani leader, says there was negligence and poor planning in procurement. “First there were only 17 procurement centres, and too few were added later. Then farmers were first told to bring their produce, and they waited there while incurring rent for the vehicles, then they were told to take a token and make deliveries later,” he says, adding that thousands of farmers also received delayed payments.

MahaFPC, a consortium of Farmer Producer Companies, which demonstrated a ‘procurement intervention’ in the 2016-17 season in parts of the state with a transparent system for farmers, says there are many policy interventions needed to improve the procurement process. “Inadequate warehousing and procurement infrastructure in the producing states, unpreparedness of the state nodal agencies and political interference in procurement operations created mismanagement and failed to stabilise the markets,” says Yogesh Thorat, MD of MahaFPC, adding that a huge majority of pulse farmers may have sold below MSP.

## **PULSE ACREAGE IN MAHARASHTRA GROWS DRAMATICALLY IN 2016-17**

<b>Crop</b> ➤	<b>2015-16</b> ➤	<b>2016-17(Estimated)</b> ➤	<b>Increase</b> Ⓢ
<b>Tur</b> ➤	<b>12,37,000 ha</b> ➤	<b>15,33,000 ha</b> ➤	<b>24%</b> Ⓢ
<b>Moong</b> ➤	<b>3,66,000 ha</b> ➤	<b>5,11,000 ha</b> ➤	<b>40%</b> Ⓢ
<b>Urad</b> ➤	<b>2,86,000 ha</b> ➤	<b>4,45,000 ha</b> ➤	<b>56%</b> Ⓢ
<b>Total</b> ➤	<b>20,06,000 ha</b> ➤	<b>25,57,000 ha</b> ➤	<b>28%</b>

## PULSE OUTPUT IN MAHARASHTRA GROWS DRAMATICALLY IN 2016-17

Crop→	2015-16→	2016-17 (Estimated)→	Increase→
Tur→	4,44,000 tonne→	11,71,000 tonne→	164%→
Moong→	69,000 tonne→	2,89,000 tonne→	317%→
Urad→	61,000 tonne→	2,50,000 tonne→	309%→
Total→	6,11,000 tonne→	17,51,000 tonne→	187%

**\* While other agri-produce also saw a big spike in output in 2016-17, coming after two bleak years, the percentage growth in output and acreage of pulses is greater than for other agri-commodities. The increase in total output of all cereals was 80 per cent in the same period, 93 per cent in foodgrains and 142 per cent in all oilseeds. Sugarcane, a hugely water-intensive crop, saw output fall by 28 per cent in the same period, its acreage down by 36 per cent.**

Thorat adds that while commodity futures markets are in an infancy stage, they may help reduce market risks for pulse farmers despite fears that trading in futures may be highly speculative, without any actual delivery of the commodity. “Recently SEBI allowed NCDEX to launch chana futures. Presently these trading platforms are in the hands of middlemen, hence neither farmers nor consumers are benefitted.”

“Farmer Producer Companies are coming forward to participate in these markets for physical delivery of commodities, a good sign, and futures can be a crucial instrument to regulate price trend. All kinds of marketing avenues should be open for better price realisation and price stabilisation in pulses,” Thorat says.

### **Punishing drought takes toll on crops across Northern Plains**

Federal agriculture officials have labeled as poor or very poor more than half of Montana's 2017 crops of spring wheat, lentils and durum.



Federal agriculture officials have labeled as poor or very poor more than half of Montana's 2017 crops of spring wheat, lentils and durum.

A punishing drought that stretches across much of the U.S. Northern Plains could cause farmers to lose 64 million bushels of wheat production this year, according to federal officials. That dire projection comes as northeast Montana experiences the worst drought in the country, with similar dry conditions in neighboring North Dakota and South Dakota. The federal government has declared numerous counties in the three-state region to be disaster areas and authorized haying and grazing on land meant for conservation to help alleviate the conditions.

Federal agriculture officials have labeled as poor or very poor more than half of Montana's 2017 crops of spring wheat, lentils and durum. Combined, the three crops were valued at more than \$600 million in 2016. A scant 1.2 inches of rain have been recorded since April 1 in the small town of Nashua on the edge of the Fort Peck Indian Reservation.

Ranchers also will lose in this drought, said Ed Hinton, an auctioneer who drives down from Scobey for the weekly sale at the Glasgow Stockyards. Ranchers turn up every Thursday to sell off an animal or two, usually a heifer who didn't get pregnant, or a belligerent steer not worth the trouble, or the hay now selling for \$180 a ton. There's nothing like crop insurance for livestock. In times of drought, the U.S. Department of Agriculture opens up grasslands previously off limits for conservation. After that, there's low interest loans.

The Thursday sale the week before the Fourth of July brought a thousand cattle to the stockyards, Hinton said, at a time of year when a few hundred cattle at a sale is respectable