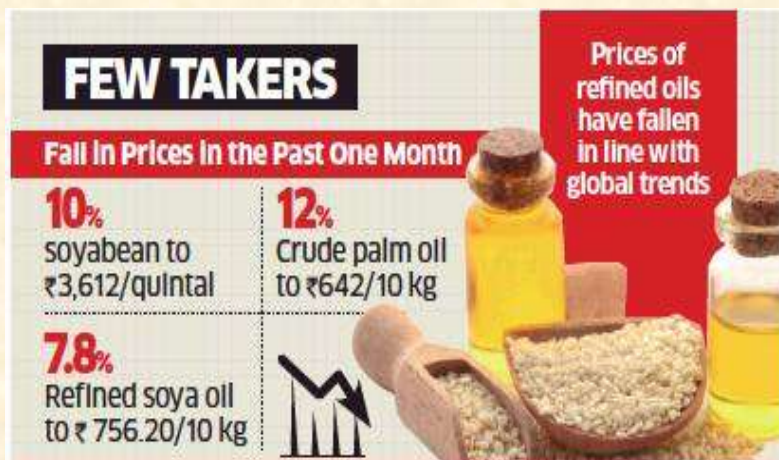




COMMODITY OUTLOOK AND SITUATION ANALYSIS



Weekly Report 08 to 14 March, 2020

✚ Tomato price crashes after glut at wholesale market in Dindigul

It is available now for Rs. 5 per kg, say farmers.

Tomatoes sold at around Rs. 30 per kg in January was available now for a paltry Rs. 5 per kg, said farmers here on Wednesday. Explaining their plight, farmers from Kottapatti, Vellodu, Panjampatti and other hamlets surrounding the district said that very many factors had pulled the prices down. Thanks to good rainfall during the last quarter of 2019, kudimaramathu scheme had facilitated recharge of groundwater, and the weather was very pleasant till two months ago that there was no barren land at all. Every farmer put his land to use this season that the growth was high.



Coupled with the yield, the producers felt that there may be good market, but unfortunately, the prices went crashing since the last three days. The tale of other farmers, who had grown ladiesfinger, brinjal and other vegetables from the hamlets, too remained almost the same. There was a big difference in the price between January and March. While brinjal was available at Rs. 18 per kg, ladiesfinger was selling at Rs. 12 per kg and beetroot was priced at Rs. 10 kg. With more and more harvest happening in the villages, the arrivals into the wholesale markets and uzhar sandhais may see a steady rise in the next couple of days. Hence, scope for upward pricing may not be there for at least another fortnight,” R Balamurugan, a farmer from Vellodu, said. The presence of cold storage facility should be enhanced so that perishable commodities could be preserved. Similarly, the value addition of commodities such as tomatoes should be disseminated among the farmers. There was no use in revealing data by the officials from the Agriculture and Horticulture departments, they fumed. According to the transport operators, close to 10 metric tonnes of vegetables arrived on a single day, with tomatoes alone accounting for about 2.5 tonnes from Reddiarchatram, Alagupatti and K Pudukottai, they said.

✚ Govt gives grants for onion storage units built by farmers

The government has allocated a grant of `60 crore to farmers for developing onion chawls (warehouses) for storage of the commodity under the Rashtriya Krishi Vikas Yojana (RKVY) 2019-20. The central government's scheme is aimed at enhancing the storage facilities in the state so that farmers are not forced to sell their produce in distress and retain the commodity until the market conditions improve. Around 6,500 farmers from 28 districts in Maharashtra, who have developed onion chawls or open onion storage structures will be eligible for the grant given by the



government. According to industry people, the scheme which falls under the National Horticulture Mission (NHM) gives a grant of 50% on the construction of a 25-tonne chawl, which have to be properly ventilated structures with proper storage. Normally, a 25 tonne storage capacity chawl requires an investment of `1.75 crore, of which a 50% subsidy is offered to onion farmers for setting up such structures. The 27th State Level Project Approval Committee had given the green signal for setting up onion storage structures across Maharashtra in the wake of the price volatility and to prevent farmer from distress sale. Around `150 crore will be spent on the project and accordingly, the government has approved `60 crore within a year. The scheme envisages 50% of the funds to be invested by the farmer and the remaining 50% would come from the government in the form of a grant. Accordingly, 6,789 beneficiaries will receive a grant of `60 crore for the project. Since this is a centrally sponsored scheme, 60% of the funds will be borne by the Centre and the state government shall bear 40% of the expenses for the project. Accordingly, Nashik has some 521 beneficiaries, Ahmednagar has 2,525 beneficiaries, 636 beneficiaries from Jalna, 700 from Aurangabad, 594 from Beed, 203 from Parbhani and 330 from Solapur, among others. Meanwhile, MahaFPC — the apex body of farmer producer companies in Maharashtra, has signed tripartite agreements with 16 farmer producer companies in the state and Nafed to develop a value chain for onion procurement, storage and disposal. MahaFPC managing director Yogesh Thorat said the federation had signed agreements with 9 Farmer Producer Companies (FPCs) initially and another 9 FPCs had come on board last week. Around 14 structures are under various stages of construction and should be ready by the end of March, he said. This is a joint project proposed by Nafed and MahaFPC with contribution of 25 FPCs in the state to execute a Public Private Partnership (PPP) Integrated Agriculture Development (PPP-IAD) project under the Rashtriya Krishi Vikas Yojana (RKVY-RAFTAAR) for building storage capacities for onion and setting up marketing infrastructure. Thorat pointed out that the `60 crore allocation is for individual farmers and this project is separate. This `25-crore project will see the government investing 50% while the rest will be raised by Nafed and FPCs. The project will enable

FPCs to remove monopoly of traders in onion markets. The project envisages building storage infrastructure for 25,000 tonne of onion in the state wherein each FPC will establish a cluster on a 1-1.5 acre land parcel for 1,000 tonne each. Each cluster will be set up for `1 crore where 20% of the investment will come from the FPC (from around 100 farmers in each FPC), 25% from Nafed, 5% from MahaFPC and the remaining funds from the state government under the RKVY scheme. Each cluster will contain onion chawls (warehouses) grading houses and weighing bridges. Agreements were initially signed with 16 farmer producer companies and we are now identifying land for the remaining 9 FPCs in the state for the project. Approvals from the government have already come in and work on the project will commence from the second week of January and begin from March 2020. This coming season, the Centre, under the Price Stabilisation Fund, is looking at procurement targets for 25,000 tonne of onion and MahaFPC would be a major player in this, Thorat had stated. Maharashtra produces about 30 % of the total onion output in the country. Onion is normally grown in kharif (June- July), late Kharif (August- September) and Rabi (November-December) seasons. The crop produced in kharif and late kharif has limited shelf life and farmers have to sell the crop in the market since the shelf life is low but Rabi onions can be kept in good condition if stored in scientifically built storage structures. Farmers store their produce in dust proof and moisture proof structures on field called kanda chawls and offload the same till the arrival of the next crop. Onion prices have been on the rise since late September due to a disruption in supply, a decline in production in 2019-20 and late harvesting of the bulb leading to a mismatch in demand and supply. The Centre has already offloaded onions from buffer stocks, banned exports, expedited imports, and imposed stock holding limits on wholesalers and retailers. In September 2019, the government banned onion exports and also imposed a MEP of \$850 per tonne. The move came after prices had started skyrocketing due to supply-demand mismatch. There was a shortage of onion as kharif crop was adversely affected due to excessive rains and floods in key producing states, including Maharashtra. The government ordered onion imports which led huge wastage as onion arrivals picked up. The government has now lifted the ban on export which is expected to begin from March

✚ Outbound Farm Goods Fall on Tepid Demand

New Delhi: Prices of oilseeds and animal feed are falling because of weak demand after the Covid-19 outbreak. Commodities that are exported from India, such as soyabean, guar, jeera, castor and cotton have become cheaper because of a fall in demand from the affected countries, traders and analysts said. Prices of imported commodities too have fallen due to the same reason. Prices of refined oils, which are largely imported, have fallen in line with global trends, said Prerana Desai, the head of research at Edelweiss Agri Services & Credit. Commodities used as animal feed such as soyabean cake and mustard oil cake are getting cheaper as Indians have reduced eating meat after the spread of Covid-19, Desai said. The expected good rabi harvest season and huge stock of commodities like soyabean, maize and cotton seed have also contributed to the fall. In the past month, the price of soyabean has fallen 10% to ₹3,612 a quintal on Wednesday, while that of refined soya oil has dropped by 7.8% to ₹756.20 per 10 kg and crude palm oil by 12% to ₹642 per 10 kg. Mustard seed has become cheaper by 3% at ₹3,970 per quintal. The impact of the Covid-19 scare has been more severe on the guar industry, which depends on the US, China and Russia. The price of guar gum, which is used in the oil industry, has fallen 20% to ₹5,876 per quintal, while that of guar seed has dropped 11% to ₹3,600 a quintal, said BD Aggarwal, the MD of Vikas WSP that makes guar gum polymer. "Shipping companies are not taking any freight for China and I think it will take another two months for the thing to normalise. In the US, oil prices are down so demand has fallen by 50% and only when crude oil settle at \$60 per barrel from current \$37 per barrel, we can expect prices to move up," said Aggarwal. Jeera, the second most exported spice from India, has seen its price fall by 3.80% in the past one month to ₹13,325 per quintal. The price of castor seed, which is largely exported from the country, has slumped 5.50% to ₹3,796 per quintal. Demand for the commodity in the major markets of the US, Europe and China has slowed down.



✚ Eco-friendly tractor rolled out

Expected to benefit farmers and the agriculture segment. City-based startup Celestial E-Mobility has rolled out its first prototype electric tractor, which is not only eco-friendly and cost-effective but also gives the same power as that of its diesel counterpart besides selling cheaper by at least Rs. 1 lakh. The e-tractor is equipped with features like battery swapping, regenerative braking and also helps power an UPS. The charging mechanism of the Lithium ion battery is through any normal AC outlet with six hours for single phase 16 Amps outlet and can also be charged double quick in two hours with an industrial infrastructure set up. Talking to the media at the launch on Wednesday, founders Siddhartha Durairajan and Syed Mubasheer said the product, which was under trials for the past four months, will benefit farmers and the agriculture segment in general. “E-tractor is zero-emission with its 6HP engine equivalent to 21HP diesel tractor and can be used for horticultural and greenhouse works or for moving goods within factories, warehouses and hauling baggage in airports. It can cover 75 km on a single charge, has maximum power of 18 HP, 53 NM peak torque and can reach a speed of up to 20 kmph,” they said.



Cost effective

The founders claimed that if the average cost of a diesel tractor is about Rs. 6 lakh, this e-tractor costs Rs. 5 lakh. Running cost, too, is significantly lower — a conventional 21HP diesel tractor costs about Rs. 150 per hour whereas the Celestial E-Mobility tractor will cost Rs. 20-Rs. 35 an hour. Battery can be swapped after five to eight years. “We want to bust this myth that electric vehicles are expensive to buy and maintain. We are in a position to make 100 tractors every month and that can be scaled to 200 units. Our target is to build 8,000 tractors in the next three years,” said director-marketing Midhun Kumar. About 8.78 lakh tractors overall were sold in 2019 and market has sufficient potential for e-tractors with the policy makers too eager to give a fillip to the industry. The firm began operations in May last year with an investment of \$200,000 from a Singapore based angel investor and is in talks to

raise \$6 million to \$8 million in the next six months with plans for a light commercial vehicle and an eight-seater on the same platform, they added.

✚ Coronavirus impact: Slide in global sugar prices hits exports from mills

Logistics problems and a sudden slide in international prices due to the ongoing spread of the coronavirus (COVID-19) has put the brakes on sugar exports from India. Millers feel the present situation might dash India's hopes of exporting 50



lakh tonne (lt) of its MAEQ target of 60 lt. International sugar prices had firmed in view of a global shortage. India had emerged as an export hub due to the large stocks in the country. The subsidy-backed scheme of the central government had played a role in ensuring that mills took to exports to reduce the unsold inventory in the country. The Indian Sugar Mills Association has stated that by the end of February, 35 lt of export contracts have been signed, of which 22-23 lt have already been shipped out. Since the COVID 19 infections spread, international prices of raw and processed sugar have seen a sharp correction. Raw sugar, which was trading over the 15 cents per pound mark, has since corrected itself to the 12.50 cents per pound mark. Similarly, white processed sugar, which was commanding prices above \$400 per tonne, has since come down by \$30-40 per tonne in the last few days. The present prices, millers say, are not conducive to them. Bhairavnath B Thombare, president of the West Indian Sugar Mills Association — the apex body for private millers in the state — said the present scare has also resulted in slow lifting of exports. Sugar is normally transported in ships, and at present, such vessels are short in supply. “There are cases where exporters have failed to lift their consignment despite paying for the same,” he said. Mukesh Kuvadiya, honorary secretary of the Bombay Sugar Traders Association, said the present slump in crude oil prices can change the equations of the sugar industry for the current season. Low crude prices, he said, would result in Brazilian mills slashing their ethanol production and diverting said cane for sugar production. “If that happens, then international prices will certainly be hit for the season,” he said. Also, as compared to the previous estimate of 240-250 lt production, he said India is expected to produce 280 lt of sugar for the current

season. "Thus, sugar availability will increase and prices will remain low in the domestic market as well," he said.

✚ **With Telangana govt. fixing MSP, turmeric farmers may get good returns**

They need not worry over cap on procurement: official

G. Visweswara Rao, a turmeric farmer of Penamaluru village, is confused after harvesting the crop. Despite bumper yield, the "cap on procurement" worries him. He has reaped 40 quintals per acre while the yield is 20 to 25 quintals for other farmers. "We have been told that the government will not procure more than 30 quintals from each farmer. I will run into losses if the rule is implemented," says Mr. Venkateswara Rao. The officials, however, assert that the farmers need not panic over procurement. The Central government does not fix MSP for turmeric. So, the State government, in a first such initiative, announced MSP through GO 28 on January 9, 2020. If the Centre announces MSP or Market Intervention Scheme (MIS), the higher rate will be the procurement price. If the Centre's price is lower than the State MSP, the difference will be declared as bonus, the officials say. Special Commissioner & Director of Agriculture and Marketing P.S. Pradyumna says the system has been introduced to avoid exploitation by the middlemen. The objective is to ensure that the farmer enjoys the benefit of MSP. "The cap is fixed based on the average yield calculated by the Horticulture Department, but that should not be an impediment. The farmers always can revisit the procurement centre the second time," he says. Though the government has opened nine procurement centres in the State, the arrivals are yet to reach them. The harvest season has ended and the farmers are now getting ready to cut and process it for sale. Horticulture Commissioner Chiranjiv Choudhary says that turmeric is cultivated in 29,654 acres across the State, except in Anantapur district. Visakhapatnam stands first with 8,500 hectares and Chittoor is at the bottom with 22 hectares. Srikakulam, Krishna, Guntur and Kadapa are some of the districts where the farmers have taken up turmeric cultivation to a significant extent. The extent of cultivation was 20,835 hectares in 2015-16. The expected yield this year is 3.55 lakh tonnes, he says.



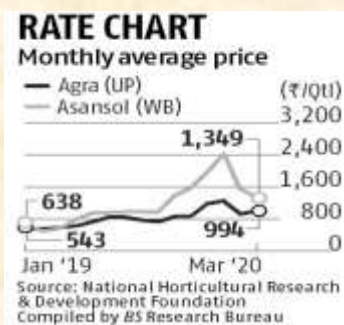
Mr. Venkateswara Rao says that farmers will earn a profit of ₹10,000 to ₹15,000 per quintal only if the entire produce is procured at the procurement centres.

✚ **Potato prices jump by 25% due to crop damage, frequent hailstorms**

Potato prices have jumped by 25 per cent in a month due to crop damage and frequent hailstorms in major cultivating regions. The price currently stands at double than its quote around the same time last year. The data compiled by the Nashik-based National Horticultural Research & Development Foundation showed model potato price at Rs 14 a kg in the benchmark Asansol wholesale mandi in West Bengal. Prices there had slumped to the season's low of Rs 11.20 a kg on February 14 on increased arrivals of new season crop. Wholesale prices are expected to go up further to Rs 22, which means Rs 40 a kg in retail market. Farmers reported a massive crop damage in transit in addition to huge quantity of the potato left unharvested due to mud in the field. "At least 30-40 per cent potato got damaged this year due to hailstorms, which pushed its prices up in both wholesale and retail markets. With the harvesting of the current season crop completed, arrivals have started declining steadily. Further increase in potato price is likely," said Pravir Kumar Bera, managing partner, Agrive Exports & Imports, a Kolkata-based potato wholesaler and exporter. West Bengal contributes nearly 25 per cent (11-11.5 million tonnes) of India's overall potato output and stands second after Uttar Pradesh (nearly 30 per cent). Potato arrivals have declined in the Asansol mandi to 36 tonnes now, as against 50 tonnes about a month ago. The same case of price and arrivals prevails for potato across all major mandis in India. Meanwhile, farmers are delaying release of their stock in anticipation of further price rise. In Indore, where potato harvesting is expected to continue for another two-three



weeks, farmers are storing the produce in their godowns amid expectation of further increase in its prices. “Quantity of arrivals is low today because farmers anticipate further price rise. While a huge quantity of potato is coming into cold storages, farmers and stockists want to delay its sale for higher realisation later,” said Hasmukh Jain Gandhi, president, Madhya Pradesh Cold Storage Association. Bera expects potato prices to jump to Rs 22-25 a kg in wholesale mandis in the next few weeks, which will translate to Rs 40 a kg for consumers.



🇮🇳 **Telangana is India's 'seed bowl': Minister**

'State contributes over 60% of the national annual requirement of seeds'

Agriculture Minister S. Niranjan Reddy has asserted that Telangana State had emerged as the “seed bowl” of the country, contributing a major chunk of India’s national seed requirements every year. As against the total national annual seed requirement of around 35 lakh tonnes, Telangana is contributing more than 60% — about 22 lakh to 24 lakh tonnes — of seeds, he said.

400 firms set up

Over 400 national and multinational companies have established their bases in the State, with processing plants, as well as warehouses to store the seed produced. To a question in the Legislative Assembly on Thursday, the Minister said that more than three lakh farmers were engaged in seed production in over 7 lakh acres in different parts of the State. The workforce comprised 50,000 skilled workers, 2 lakh unskilled workers, and another 50,000 workers in allied sectors. The State had 6 million sq. ft. of warehouses and another 20 million sq. ft. of cold storage, in addition to the presence of the Seed Development Corporation and Seed Certification Agency.

Ensuring quality

The State Agriculture University was working in active coordination with national and international research institutions in the cultivation of quality seeds that was being exported to other States within the country as well as abroad, Mr. Reddy said. Over 7 lakh tonnes of

quality paddy seeds worth Rs. 3,200 crore and 8,000 tonnes of groundnut seeds worth Rs. 200 crore are among the chief products being exported from the State. “Sona rice” produced in the State had earned a reputation for its low sugar content, and cotton seeds produced in the erstwhile united Mahbubnagar district contributed to one-third of the country’s production, the Minister said. All the seed varieties produced in Telangana received OECD certification and the State would soon have a state-of-the-art seed laboratory that was being set up by the International Seed Testing Association at Rs. 7 crore. Major portion of the work on the laboratory had been completed and it would be inaugurated soon, he said.

✚ Sugar Output may Rise this Season

Pune: The Indian sugar industry expects the 2019-20 sugar production to be higher than the estimates as projections of a fall in Maharashtra’s sugar production due to floods have gone wrong. Industry body ISMA has recently increased its estimate to 26.5 million tonnes, which brought international prices down. But a section of trade and industry believes that the sugar production can go up to even 27.5 million tonnes. All India Sugar Traders’ Association (AISTA) Praful Vithlani said that his association has estimated India’s 201-20 sugar production at 27.5 million tonnes.



“However, my own independent estimate is that the country’s sugar production estimate can go up to even 28 million tonnes,” said Vithlani. Indian Sugar Mills Association (ISMA) recently increased its sugar production estimate to 26.5 million tonnes from its previous estimate of 26 million tonnes. “International sugar prices had dropped as a response to ISMA’s upward revision of sugar production,” said Vithlani. India is trying to maximise sugar export to reduce surplus stocks within the country. The increase in sugar production is expected to come mainly from Maharashtra. “Everyone went wrong on sugar production estimate of Maharashtra,” said Vithlani. Kolhapur and Sangli, the sugar bowls of the state had suffered heavy floods and inundation of sugarcane fields under floodwater for weeks. This had led the industry and trade veterans estimate a fall in sugar production of 25% to 40%. However, Abhijit Ghorpade, a trader from south Maharashtra said that barring for some fields, especially along the river banks, which had faced submergence, the floods left a positive impact on sugar content, called the sugar recovery

rate of sugarcane. “Many sugar mills from these two districts have seen increase in their sugar recovery rates,” said Ghorpade. The officials of Maharashtra’s sugar commissionerate told ET that they have now revised the sugar production estimate of Maharashtra upward from 58 lakh tonnes to 60 lakh tonnes. However, a section of the trade believes that the sugar production can be higher than 60 lakh tonnes as only 17% of the 145 sugar mills that had started crushing season this year, have stopped operations so far

✚ Commodity Picks

Soy meal

Soy meal is trading at Rs 31,600 per tonne at the benchmark Indore markets. For the week ahead, prices are expected to trade weak and head towards Rs 31,300 and then Rs 31,000 per tonne. Weak demand from feed makers amid decline in placements due to the outbreak of coronavirus in India is expected to keep the undertone weak in near term.



Wheat

Wheat prices in the Indore market are trading at Rs 1,970 per quintal. Prices are expected to trade lower towards Rs 1,900 per quintal in a couple of weeks following approaching harvesting and ample stocks carried forward from last year.

✚ Focus on cultivation of paddy with less water

The State government of Telangana focused on various technological interventions in water management for paddy cultivation and reduce water input, enhance water productivity and gain yield, said Agriculture Minister S. Niranjan Reddy. Responding to a query by T. Chinnapa Reddy in the Legislative Council here on Wednesday, Mr. Niranjan Reddy said that the Agriculture University and department were exploring better ways to produce more paddy with less utilisation of irrigated water. He said every year the extent of cultivation of paddy was increasing with 48 lakh acres in Kharif and 38 lakh acres now under Rabi season. After formation of Telangana, the



Agriculture university promoted paddy varieties with 120-day crop duration instead of 150 days. The saving of one month in paddy cultivation resulted in saving of water and mandays, thus bringing down investment. Once Kaleswaram and other irrigation projects were completed, the government's aim was to utilise surface water, keeping the groundwater table intact. Further varieties suitable to less irrigation input and drought tolerant with reasonable yield potential were also in evolving stage. Research in developing high yield potential rice hybrids suitable to the State was undergoing, he said. He said that alternate wetting and drying water management in rice was being promoted in ground water and canal commands of erstwhile districts of Telangana — Karimnagar, Nizamabad, Warangal, Mahabubnagar, Nalgonda, Khammam, Ranga Reddy and Medak which saved nearly 35 per cent of water input in rice compared to low land flood irrigation. Mr. Reddy said with climate smart and water resilient production practice, the water usage to produce one kg of paddy with State's average productivity of seven tonnes per hectare now ranged between 1,200 to 2,500 litres under different production systems as per the recent studies. He also said in China the water usage was 1,321 litres per kg of paddy.

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