

# ACFI NEWSLETTER

FEBRUARY 2024

## Sales flat, urea output up 12% till Dec in FY24

Coming months may see adequate supply of country's most consumed fertiliser

**SANJEEB MUKHERJEE**  
New Delhi,

India's urea production increased by over 12 per cent in the first nine months of the current financial year (FY24), while imports were marginally less than last year and sales remained flat, according to data from industry players. Urea is the largest consumed fertiliser in India followed by DAP.

Higher production amid flat sales could ensure adequate supplies in the coming months, they said.

"With the production (of urea) rising till December and imports also maintaining a healthy pace and sales almost flat, there could be some surplus in the remaining few months," a senior industry player said.

Urea demand could re-emerge in a big way for the 2024 kharif season from May and June with the advent of monsoon. The data shared by several players showed that in the first nine months of 2023-24, the imports of Muriate of Potash (MOP) jumped by almost 59 per cent in comparison to the same period last year while the sales declined which could be due to stocking by industry players.



A sharp 46 per cent decline in the landed price of MOP, which is entirely imported from \$590 per tonne to \$319 per tonne in this financial year between April 2023 to December 2023, could be the reason for the spike in imports.

Industry sources said that MOP sales have been consistently declining for some time due to the high retail prices. The retail price of MOP has been up for quite some time due to the lower subsidy for potash as compared to other nutrients under the NBS regime.

For the October to March period,

### STOCK CHECK

Till Dec 2023 (mn tonnes)

	PRODUCTION		IMPORT		SALES	
	FY24	% chg	FY24	% chg	FY24	% chg
Urea	23.71	12.42	6.07	-2.7	28.2	0.2
DAP	3.42	7.55	5.04	-5.1	9.72	6.3
MOP	0	0	2.57	58.6	1.27	-0.8
NPKS*	7.38	4.09	1.77	-14.9	9.18	14.3
SSP	3.56	-17.59	0	0	4.03	-6.7

NOTE: DAP: Diammonium phosphate; MOP: Muriate of Potash; NPKS: Nitrogen fertiliser  
SSP: Single super phosphate; \*includes all grades but not DAP  
Sources: Trade, Industry

the per kilogram subsidy for potash is almost 84 per cent less than the preceding April to September period, official data showed. "While a bag of DAP costs the farmer around ₹1350, a bag of MOP costs around ₹1500-1600, which is why there is a fall. But imports have risen as the industry might be looking at stocking to cash on the falling prices and also due to global uncertainties," the official explained. MOP is largely imported from several former Soviet republics, which have been under a state of conflict over the last few years due to the Russia-Ukraine war.

Meanwhile, higher production and almost flat sales of urea, while higher sales of DAP in the first nine months has also prompted talk that actual subsidy in FY24 could be somewhere around ₹200,000 crore as against the Budget Estimates of ₹175,100 crore.

The Revised Estimate of FY24 as provided in the Interim Budget pegged the fertiliser subsidy at ₹189,000 crore, almost 8 per cent more than the BE for FY23. Industry players believe the total urea consumption in FY24 could be around the same level as the last year, at 35-36 million tonnes.

## WTO unveils new rule for simplifying services trade, India stays out

**Dhirendra Kumar & Rnik Kundu**  
NEW DELHI

The 13th Ministerial Conference (MCA 13) of the World Trade Organization on Tuesday announced new rules to streamline the international trade in services.

These regulations, which apply on a Most Favored Nation (MFN) basis, aim to make authorization processes more transparent and accessible, with commitments to gender equality.

However, only 72 out of the WTO's 164 members are a party to the agreement. India and South Africa were

among countries that did not sign this agreement.

Indian experts said as a multilateral trade body, the WTO should focus on core issues like WTO reforms, reviving the appellate body, agriculture reforms, etc.

The regulations are a response to the bureaucratic challenges faced by businesses in cross-border service trade, aiming to simplify procedures and promote equal opportunities for service suppliers worldwide.

"While details of the Agreement are still awaited, the new agreement looks like plurilateral agreement, where not



The new rules aim to make authorization processes more transparent and accessible.

REUTERS

everyone is a party. India and South Africa have not signed this Agreement. WTO, being the top multilateral trade body should rather focus on core

issues of interest to all members and not of a few," said Ajay Srivastava, the founder of Global Trade Research Initiative. Meanwhile, global leaders at

the meeting, being held in Abu Dhabi, on Tuesday argued for the need to reduce the trade in plastics citing greenhouse emissions from its use. They also emphasized the need to rationalize, phase out or eliminate harmful fossil fuel subsidies through existing or new mechanisms.

The global trade in plastics reached over \$1.2 trillion during 2022, as per UN data, with the agency predicting that 19% of greenhouse gas emissions would come from plastics by 2040.

As many as 78 members—excluding India—are participating in the Plastics Pollution

Dialogue, representing 85% of the global trade volume.

The Dialogue on Plastic Pollution and Environmentally Sustainable Plastics Trade seeks to get WTO members to reduce plastics pollution and promote environmentally sustainable trade in plastics.

During the dialogue, members of participating countries stressed increasing transparency of trade flows of plastics, given that single-use plastics, plastic films and hard-to-recycle plastics as well as those embedded in traded goods are not captured by trade data.

Though India is not part of the group, the country has

taken several measures to reduce plastic usage, including imposing a ban on single-use plastic in 2022. As things stand, India is the fifth-highest generator of plastic waste in the world.

At the conference, 49 members, excluding big economies like India, the US and China, also discussed a fossil fuel subsidy reform initiative. The initiative builds on the WTO members' commitments under Sustainable Development Goal 12(c) of the 2030 Agenda and in the context of the Paris Agreement on Climate Change.

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# PMO to review the impact of Red Sea crisis on trade next week

**Amiti Sen**

New Delhi

The Prime Minister's Office will take an update from the Commerce Department early next week on the impact of the continued hostilities in the Red Sea on the country's exporters and importers and may then decide on whether more needs to be done in terms of assistance, sources have said.

"The Commerce Secretary has been reviewing the situation related to the Red Sea. He has also checked with different ministries on what the situation is on the import side. What has emerged from these meetings is that while traders have been affected due to freight increase and some delay because of the longer route ships have to take to avoid the Red Sea, there aren't any other major areas of concern. But bottom lines of exporters are being affected which is cause for worry," a source tracking the matter told *businessline*.

Commerce Ministry officials will meet PMO officials on February 12 to give a brief on the current situation based on interactions with other Ministries and Departments



**SOARING COSTS.** At the moment, impact limited to escalation in shipping costs and delays due to longer route, say officials

including Shipping, MEA and Finance.

## INCREASED TRANSIT TIME

Shipments from India to Europe, US east coast, North Africa and parts of Asia, have almost stopped taking the Red Sea route as Yemen-based militant group Houthi has been attacking cargo ships in the region. These shipments (both exports and imports), which annually add up to about \$230-240 billion, instead are being routed through the Cape of Good Hope in South Africa, which has resulted in increased transit time of about two weeks and a rise in shipping costs.

While the government has not been able to do much to check the escalation in shipping costs, which have gone up

by close to 400 per cent in some cases, as it is controlled by the private sector, some steps have been taken to ease the availability of insurance.

"The government has directed Export Credit Guarantee Corporation Ltd (ECGC) to maintain moratorium on rates of insurance for the Indian exporters. ECGC continues to provide insurance cover to the exporters.

"Further, ECGC has not refused cover for export shipments routed through the Red Sea and the credit risk cover is being provided based on the risk assessment and credit worthiness of overseas buyers and terms of payment," Anupriya Patel, Minister of State for Commerce and Industry, said in a Lok Sabha reply on Wednesday.



# Parl Panel for 3-yr deferment on carbon tax for MSMEs

**EU's carbon tax is effective from Jan 1, 2026, on 7 carbon-intensive sectors**

NEW DELHI: India should seek deferment on imposition of carbon tax by the European Union (EU) on engineering sector's MSMEs by three years as domestic manufacturers may not have the financial resources to counter the duty, according to a Parliamentary Panel's report.

The report recommended that developing a robust mechanism to support and equip MSMEs to counter the adverse effects of CBAM (carbon border adjustment mechanism) must be im-

plemented on a priority basis. The EU has decided to impose carbon tax - CBAM - from January 1, 2026, on seven carbon-intensive sectors, including steel, cement, and fertiliser. Engineering goods would come under the purview of this import duty.

The department said that to protect the domestic industry from the imposition of additional tariffs by the US and non-tariff barriers in the form of CBAM, the government should engage at the highest level with the US and EU to resolve the matter.



# EU drops plan to cut pesticide use after farmers' protests

BLOOMBERG

6 February

European Commission President Ursula von der Leyen said she will withdraw a plan to halve the use of pesticides because it became a "symbol of polarisation" following protests by farmers across Europe.

The European Union's executive arm in June 2022 proposed a regulation to slash pesticide use by 50 per cent until 2030 as part of a plan to make farming more sustainable, but the European Parliament voted it down.

Fears over falling crop yields and doubts over the ability of farmers to find substitutes and meet targets outweighed concerns about the environmental impact of pesticides.

"Only if we achieve our climate and environmental goals together, will farmers be able to continue to make a living," von der Leyen said Tuesday during a European Parliament debate in Strasbourg.

The decision followed a wave of protests in France, Belgium and across Europe, with farmers arguing against proposed EU regulations, plans to cut subsidies and free trade deals with countries outside the bloc.

The French government had to promise farmers more financial support and a crackdown on unfair competition as well as tougher checks on the origin of products for them to suspend further blockades. Last week, the EU delayed plans requiring farmers to reserve more of their land fallow to improve biodiversity.



Farmers block a N-II road with their tractors as they protest over price pressures, in Spain

REUTERS

## EU set to unveil 2040 climate goal under pressure from farmers

The European Union is set to issue its most ambitious climate roadmap just as the bloc is facing severe headwinds from angry farmers and an ailing industrial base increasingly alarmed about the high costs of a rapid green transition.

European Commission President Ursula von der Leyen is pitching to the bloc Tuesday pursuing a 90 per cent net emissions reduction by 2040 as the best way to achieve its Green Deal goal of reaching climate neutrality by 2050. The climate roadmap will be the first step toward rules for the next decade.

BLOOMBERG

### GEARING UP FOR 13TH MINISTERIAL CONFERENCE

## India Firm on Keeping Non-trade Issues Out of WTO

Wants such issues to be discussed at separate fora

Our Bureau

New Delhi: India will stick to its stance and oppose any negotiation mandate on non-trade issues such as environment, gender and micro, small and medium enterprises (MSMEs) at the upcoming 13th ministerial conference of the World Trade Organization (WTO), officials said.

New Delhi is of the view that protectionist trade barriers should not be erected in the guise of sustainable development and there are different multilateral fora such as the United Nations where these issues

### Trade Winds

► **EU, US want** formal WTO talks on MSME, investment, gender, labour, environment

► **Non-trade issues** have trade implications, says India

**UNILATERAL MEASURES LIKE CBAM CAN'T BE DISCUSSED AT WTO**

**Investment facilitation not in WTO mandate**

► **All eyes on US, EU** diverse positions on agri issues

► **MC13 focus** on agri, fish subsidies, ecomm moratorium, reforms, trade & development



can be discussed. "Issues like environment and labour are non-trade issues. These are non-negotiable at WTO. We are sticking to that stand," said an official. "These are not trade issues but they have trade implications."

The official added that India is against linking issues such as MSMEs and gender with trade. WTO's MC13 will be held from February 26 to 29 in

Abu Dhabi and developed nations are pushing to begin formal talks on such non-trade issues.

On the inclusion of issues related to economic empowerment of women at the WTO talks, the official said India believes that this is a social and domestic matter, and there are specialised conventions of the UN to discuss these. "So, we will not agree to any work programme; we will ag-

ree to discussions to promote sustainable development but our rights and obligations should not be impacted," the official said. The final agenda of the MC13 could be finalised in the General Council meeting of the WTO next week in Geneva.

### CARBON TAX

Another official said that India is engaging with the EU to deal with the Carbon Border Adjustment Mechanism and also preparing the domestic industry to comply with the norms.

New Delhi is considering whether the tax can be collected in rupees and not euros, which can be used to help domestic industry comply with the norms. "We are engaging with the EU to find out how we can comply with that and how our industry does not suffer from this tax," the official said.



# PM-Kisan beneficiaries down 14% in FY24

**BIG PLUNGE.** Punjab saw maximum drop in beneficiaries, says Agriculture Minister Arjun Munda

**Our Bureau**  
New Delhi

The Indian Government on Tuesday informed the Parliament that the number of beneficiaries under the flagship Direct Benefit transfer (DBT) scheme, PM-Kisan has fallen 14 per cent to 9.21 crore in 2023-24 from 10.73 crore last year.

If the final number of beneficiaries is contained within 9.5 crore, the annual outgo could be around ₹57,000 crore at the current rate of disbursement of ₹6,000/year. The government has made an allocation of ₹60,000 crore under PM-Kisan for FY25.

## NO INCREMENT PLANS

Asked whether the government was planning to increase the amount from ₹6,000 to ₹8,000/12,000 per year to farmers under the PM-Kisan scheme, Agriculture Minister Arjun Munda said, "No proposal is under



## States with major decline in numbers

	2022-23	2023-24	% Change
Punjab	17,07,726	9,33,728	-45.3
Tamil Nadu	32,29,942	22,36,183	-30.8
Jharkhand	22,61,747	15,74,430	-30.4
Gujarat	59,62,498	48,49,361	-18.7
Uttar Pradesh	2,43,00,482	2,02,98,268	-16.5
Rajasthan	72,59,810	61,37,478	-15.5
Maharashtra	1,04,51,413	92,50,178	-11.5

consideration." According to the last agriculture survey, as many as 86 per cent of about 14 crore land-

owning farmers have less than 5 hectares of land.

The Minister said in the Lok Sabha that a farmer-

## Dip in revenue outgo

	No. of farmers	Amount (in ₹ cr)
2018-19	3,02,68,113	6,323.58
2019-20	8,81,09,679	48,740.01
2020-21	10,13,26,710	61,937.01
2021-22	10,78,94,517	67,131.71
2022-23	10,73,31,716	58,273.92
2023-24	9,21,16,248	38,788.23

centric digital infrastructure has ensured the benefits of the scheme reach all the farmers across the country without any involvement of the middlemen.

"Maintaining absolute transparency in registering and verifying beneficiaries, the Indian government has disbursed over ₹2.81 lakh crore to more than 11 crore farmers in 15 instalments, so far," he said.

## WEEDING OUT

According to the data placed in the House, Punjab tops among major agriculture producing States

where maximum number of beneficiaries have been dropped — 45 per cent — to 9.34 lakh in 2023-24 from 17.08 lakh last year while Maharashtra has seen a drop of 11.5 per cent to 92.5 lakh beneficiary farmers. Uttar Pradesh, the largest state has seen a drop of 16.5 per cent to 2.03 crore.

"It is not a drop, but the actual beneficiaries have been worked out after weeding out the non-eligible beneficiaries as well as pruning any duplication after Aadhaar authentication has been made compulsory," said an official source.

As per operational guidelines of the scheme, issued by the Centre, it is the responsibility of State government to identify and verify eligible beneficiaries.

The benefit is provided to supplement financial needs of land-holding farmers. Munda said that PM-KISAN is one of the largest DBT schemes of the world.

# State, Google ink MoU for AI use in agri, health sectors

TIMES NEWS NETWORK

**Pune:** Maharashtra govt on Thursday signed an MoU with Google for the use of artificial intelligence (AI) in seven sectors, including agriculture, healthcare and startups.

The MoU was signed in Google's Pune office in the presence of deputy CM Devendra Fadnavis between Google India country head and vice-president Sanjay Gupta and chief secretary Nitin Kareer.

"It will help the state move ahead of the others in terms of using AI for common citizens," Fadnavis said after the signing of the MoU. He also announced that a centre of excellence will be set up at Indian Institute of Information Technology, Nagpur, with

## Nagpur to get Asia's largest malt distillery

Raise a toast to Nagpur; it is likely to see Asia's largest malt distillery soon. An MoU between state and French liquor giant Pernod Ricard is slated to be signed in the last week of this month, said top sources. The firm is likely to invest Rs 2,500 crore into the project, which is expected to generate around 1,000 jobs. A meeting between top Pernod Ricard officials and industries minister Uday Samant was held in Nagpur last Nov. At that time, Samant said state had offered two plots of 75 acres and 100 acres on MIDC land. Industry sources said this could be the first ever distillery in Vidarbha to be set up by a multinational firm. **P 12**

Google's help to promote research on AI.

"At a recent meeting with Gupta, we spoke about how AI is changing not only businesses but also the lives of citizens. We thought there can be a mutually beneficial partnership," Fadnavis said.

Govt is planning to develop some AI-based applications

with Google in agriculture, healthcare, education and other sectors. "With the use of AI, even the smallest farmer can be guided about which crop he should plant and what pesticides he should use to improve his yield," Fadnavis said, adding that there will be unlimited employment opportunities as AI will provide new jobs.



live mint

# THE LONG WAIT FOR INDIA'S FIRST AGRITECH UNICORN

Interest rate hikes and investor caution have led to a more prudent investment climate

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NEW DELHI

In June 2021, a searing post on LinkedIn, the professional networking site, generated some heat and many reactions. "Do not look any further than a few castles (read: bubbles) in the strange world of farm produce market linkage startups, where revenue growth is illusory and it doesn't even show the need for profitability," wrote then chief executive officer (CEO) of Nabventures, Rajesh Ranjan. Nabventures is the venture capital arm of India's apex rural lender, National Bank for Agriculture and Rural Development.

Market linkage startups aggregate produce from the farm and sell to institutional buyers (food and exporting companies, hotels and restaurants, retailers and consumers).

Ranjan's words, in a way, were an early warning. Agritech startups, particularly ones which were in the farm-to-fork supply chain, were on a roll. The reigning belief was these startups will reduce the number of intermediaries, infuse technology, and clean up the farm supply chain, which will benefit both farmers and consumers.

"There is no turning back. Indian agriculture is ripe for disruption," consultancy firm Bain and Company said in a report mirroring the mood, also in June 2021. It added that by 2025, \$30 billion-\$35 billion of value pool will be created in the agritech sector, with a sale of produce and inputs and digitally-enabled logistics emerging as key segments.

These estimates did not look impossible back then. India's agriculture sector—generating close to \$500 billion annually with over 140 million farmers—was ripe for disruption. It seemed ripe for technology infusion and disruption. But the party did not last long.

The agritech sector witnessed an investment boom in 2021-22 with venture capital funding at a record \$1.28 billion, as per a September 2023 report by FSG, a consulting firm. The surge in funding drove valuations higher. A year later, investments fell by a staggering 45% to \$706 million in 2022-23.

Global factors such as interest rate hikes and investor caution have led to a more prudent investment climate, the same report, titled *India's upfolding agritech story*, noted.

Another brief by venture capital firms Ag under and Omnivore, published last year, observed that 2023 was a stress test for startups, offering "ideal vintage for venture capitalists who can enter promising deals at cheap valuations".

Going by their last fundraises, prominent startups in the farm input and output linkage space—DeHaat, WayCool, and Nivara—were valued between \$650 million and \$800 million. When one of these firms into a unicorn or startup valued at over \$1 billion? There is no clear answer.

It's been cold for a while but the climate is thawing, said Mark Kahn, managing partner at Omnivore, which has more than 30 investments in its portfolio. "Probably the first unicorn will come in 2024. But why do we care? A decade (a startup with a valuation exceeding \$1 billion) in tech just imploded so spectacularly," Kahn said, referring to the ongoing crisis at Big Tech. The edtech company aggressively expanded between 2020 and 2021 but its prized acquisitions bombed. Last week, the American arm of Big Tech filed for bankruptcy after defaulting on debt of \$1.2 billion.

According to Kahn, a more relevant question is: When will the first unicorn public offering (IPO) hit the markets? That may happen as soon as next year. "I would rather have five or seven Indian agritech companies listing in the next three years at sub-unicorn valuations. That is healthier for the ecosystem. One of the great sins that was committed in the last cycle was this tendency of staying private for too long and then going public at crazy high valuations you cannot support," he said.

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of staples and fresh produce. The startup has raised over \$340 million so far and it was valued at \$675 million during the last fundraising in June 2022.

WayCool began its journey in 2015 with the hypothesis that there is an opportunity to organize the supply chain into an efficient and demand-responsive one. It means aggregating produce from small-holder farmers and deliver to retailers and institutional buyers like modern retail, reducing the number of intermediaries or middlemen.

It experimented with multiple models—including running its own retail outlets (in 2017) and supplying to hotels and restaurants—but is now focused on supplying to e-commerce stores. Currently, WayCool supplies to 3,500 retailers in four major metros in southern India.

Later in its journey, WayCool also launched its own brand of staples under three different consumer brands plus a separate dairy brand. Annual revenue for all its businesses (FY23) is \$1,800 crore.

"With the launch of each brand, the



WayCool's distribution centre for fresh produce in Bengaluru, Karnataka. The startup, which has raised over \$340 million so far, is aiming for a public listing in 2025-26.

margin profile improved for us," said Karthik Jayaraman, co-founder and managing director at WayCool.

"This was our lesson learnt. With all true intent we went on to make the supply chain more efficient. But we were not rewarded for providing that service. So, we had to think like a product company with offerings customized to consumer needs," Jayaraman added. WayCool expects to turn profitable within the next three-four months and is targeting a public listing in less than two years, by 2025-26.

Shashank Kumar, co-founder and CEO at DeHaat, a startup which services farmers and institutional buyers with the tagline "tools to make 'C' chains its business model has remained unchanged ever since it started off from Bihar in 2012. "Our goal has stayed the same: connecting the last mile, providing farmers every input and service they need," Kumar said.

In the year ending March 2024, DeHaat is expecting gross revenue of ₹2,700 crore, by all measures, the largest for any agritech player.

Kumar added that the startup's margins are in double digits now, after it diversified into exports, processed and branded products, and sales of crop nutrients. "We are in a high growth phase (50% year-on-year), sufficiently capitalized and we are in no hurry to go public. When we do so in 2-2.5 years time, we want it to be the largest IPO in the Indian market."

**LIMITED FOOTPRINT**  
India is home to over 1,500 agritech startups. According to a December 2022 report by Avendus Capital, more than 250 startups have received funding. However, the revenues captured by these startups was estimated at just \$4 billion.

Less than 1% when compared to the size of the agriculture market in India. A large chunk of this business came from trading of farm produce where gross margins, an indicator of financial performance and profitability, are low.

What explains this limited footprint? One reason is that solutions were developed in isolation from the market and by people (including startups) with little grassroots experience, said Edmond Murray, investment director at Capgemini, an impact investment fund.

The other factor, added Murray, is that when startups have people from the field in supply chain roles they are also bringing with them a bit of corrupt practices—connections and cuts are ingrained practices

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mint  
SHORT  
STORY

WHAT

Going by their last fundraises, prominent startups in the farm input and output linkage space were valued at \$650-800 million. By when can one of these turn into a unicorn?

SO

The climate is cold. Investors have probably realized their mistake. They bet on wrong models. Businesses like sorting, grading, and packing of farm produce are a low-value game.

NOW

The first unicorn could emerge this year but some venture capitalists are more keen on seeing agritech startups hit the public markets even at sub-unicorn valuations.

## FOOD FOR THOUGHT

India has more than 1,500 agritech startups but only a handful are valued over \$500 mn.



Note: Valuation is per last fundraising, the list does not include a complete list.

Source: FSG

DATA BY HARSH KUMAR, VENTURE

game-changers—which provide disease warning and yield prediction—in 200 million acres across 100 countries globally," said Mohit Pande, chief business officer at CropIn.

The challenge in tech deployment in agriculture, added Pande, is that the end consumer, the farmer, is not a rich guy in a country like India. "So, agritech is a game of patient capital."

Very few startups have taken the risk of developing tech deep solutions with farmers as its primary customer. CropIn, which provides soil testing services to farmers, was set up in 2007 and till date has established a network of 3,500 centres across India. Farmers can get a soil test done for ₹300 and receive the report in their local language. The service is critical: Indian soils are facing a fertility crisis due to improper and imbalanced use of nutrients.

So far, CropIn has raised just \$1.1 million, mostly as part of a seed round in 2020, from investors Omnivore and Nabventures. "We could have increased our footprint with more funding, but less money made us prudent and careful. But we are cash flow positive without any burn," said Sandeep Khandelwal, founder and CEO.

While CropIn is trying to fix Indian soils, Bengaluru-based SatSure has positioned itself as an enabler of farm credit. It provides a credit score of farmers based on satellite and weather data, which banks use while reviewing loan applications.

What once used to take between 15-45 days is now being done in 10 minutes, said Praveen Bhat, CEO and chief product officer at SatSure. The startup claims to have earned \$50,000 loans and is monitoring 2.5 million loans.

Several investors Mint spoke with said the funding winter has done some good for the startups ecosystem. To begin with, the ability to raise large funding is no longer seen as a mark of success. Investors are closely monitoring the route to profitability.

Larger startups in the market linkage space can't afford the cycle of doom by pivoting their business models, said a person who was in a leadership role in an agritech startup and did not want to be named.

"In essence, this is a cleaning up phase which will remove inefficiencies and punish high corporate governance practices. Startup founders are shedding their swag, coming down to earth. Investors are watching closely. But those who wanted a quick exit and windfall profits will have to wait."

## SHEDDING SWAG

CropIn, the oldest among this lot, founded way back in 2010, uses remote sensing and artificial intelligence to help companies digitize their farm operations and tackle productivity challenges. Its list of clients includes multinational food giants, seed producers, and input manufacturers. Last January, CropIn raised \$1 million from new and existing investors, which include Google and Chloro Ventures.

"We have deployed predictive intelligence

which can bleed a startup. Further, according to Murray, the most well-funded startups were supposed to eliminate the inefficiencies in the supply chain. But those inefficiencies were overstated to begin with. So, it was a hyped-up story, coupled with lack of field knowledge and investors in a hurry to show great growth that is undulating some of the initial claims.

There is no meat on the bone but one most overlooked thing, said an industry insider who did not want to be named, "Sorting, grading, cleaning and packing of farm produce is a low-value game. Investors made the mistake of putting their money on wrong models. They are in denial now, fingering a dead horse," the person quoted above added.

A large chunk of funding flowing to supply chain players also meant low investor appetite for deep-tech startups working on themes such as crop genetics, climate science and soil health.

It takes time to understand and deep tech players, said Mathur of ThinkAg, quoted earlier. These models need technical val-



# PM launches world's largest grain storage programme

**Inaugurates 11 godowns in PACS in as many states**

PRESS TRUST OF INDIA  
New Delhi, February 24

**PRIME MINISTER NARENDRA** Modi on Saturday launched the world's largest grain storage plan in the cooperative sector, entailing an investment of over ₹1.25 trillion, with the inauguration of 11 godowns in primary agricultural credit societies (PACS) in as many states.

Under the programme, 70 million tonne of storage capacity will be created over the next five years in the cooperative sector by constructing thousands of godowns and warehouses, Modi said at an event here.

He also laid the foundation for creating godowns and other agri infrastructure in 500 more PACS.

"Today we have launched the world's largest storage scheme for our farmers. Under this, thousands of warehouses and godowns will be constructed across the country," he said after inaugurating 11 godowns set up by 11 PACS across 11 states.

He rued that farmers were forced to bear huge losses due to lack of storage infrastructure in the country.

"Previous governments never paid due attention to this problem. But today through PACS, this problem is being addressed. Under the world's largest food grain storage programme, 70 million tonne storage capacity will be created in the next five years. On this initiative more than ₹1.25 trillion will be spent," the prime minister said.

With the creation of the huge storage facilities, Modi said farmers would be able to store their produce in the godowns/warehouses, get institutional credit against it, and sell their items when market prices are remunerative.

He also asked cooperative organisations to work towards reducing imports of food items, including edible oils and pulses, and also fertilisers.

Modi also emphasised on the importance of bringing transparency in the election system in cooperatives, saying this would encourage more participation of people in the cooperative movement.

The prime minister talked about various initiatives taken by the government in the last 10 years for the growth of the cooperative

NARENDRA MODI, PRIME MINISTER

TODAY, WE HAVE LAUNCHED THE WORLD'S LARGEST STORAGE SCHEME FOR OUR FARMERS. UNDER THIS, THOUSANDS OF WAREHOUSES AND GODOWNS WILL BE CONSTRUCTED ACROSS THE COUNTRY



**UNDER THE WORLD'S LARGEST FOOD GRAIN STORAGE PROGRAMME, 70 MILLION TONNE STORAGE CAPACITY WILL BE CREATED IN THE NEXT FIVE YEARS. ON THIS INITIATIVE, OVER ₹1.25 TRILLION WILL BE SPENT**

■ Prime Minister Narendra Modi emphasised on the importance of bringing transparency in the election system in cooperatives, saying this would encourage more participation of people in the cooperative movement

■ He also asked cooperative organisations to work towards reducing imports of food items, including edible oils and pulses, and also fertilisers

■ In the next five years, the Centre's target is to set up 200,000 PACS and the maximum will be in the fishery and allied farm sectors

## Around 65,000 functional PACS to be computerised by Aug: Shah

**UNION COOPERATION** minister Amit Shah on Saturday said around 65,000 functional Primary Agricultural Cooperative Societies (PACS) will be computerised by August this year to improve their efficiency.

The computerisation work has already been completed so far in 18,000 PACS.

Prime Minister Narendra Modi on Saturday inaugurated the project for computerisation in 18,000 PACS across the country.

"I am happy that out of 65,000 PACS, computerisation of 18,000 PACS has been completed. Before elections, 30,000 PACS will be done," Shah said, while addressing a conference.

By August 2024, all PACS will be computerised, the Union minister said.

In June last year, the Cabinet Committee on Eco-



Prime Minister Narendra Modi (right) with Union minister Amit Shah during the inauguration of key initiatives for cooperative sector, in New Delhi on Saturday

nomics Affairs (CCEA) approved the computerisation of these PACS with an outlay of ₹2,516 crore.

The objective is to increase the efficiency of PACS, bringing transparency and accountability in their operations.

This will also help in facilitating PACS to diversify their

business and undertake multiple activities/services.

Shah also highlighted that the model bylaws have been implemented by all states and Union Territories, irrespective of political parties.

With the adoption of these model bylaws, he said PACS can now diversify into new areas.

— PTI

sector as part of its vision of "Sahakar se Samridhi", and specifically highlighted the creation of a specific ministry for the cooperative sector.

Through a separate ministry, efforts are being made to strengthen cooperatives in the country, he said.

Modi also said the Multi-State Cooperative Societies Act has been amended and PACS are being computerised.

The prime minister also inaugurated a project for computerisation of 18,000 PACS across the country.

Referring to farmer pro-

ducer organisations (FPOs), Modi said small farmers are becoming entrepreneurs and even exporting their produce.

"We had set a target of establishing 10,000 FPOs. We have already set up 8,000 FPOs. Their success is being discussed at the global level now. Fishery and animal husbandry sectors are also benefiting from the cooperatives," he said.

In the next five years, the target is to set up 200,000 PACS and the maximum will be in the fishery and allied farm sectors.

The prime minister also

called upon the cooperative sector to help reduce India's import bill on food and fuel products.

To make India self-reliant, he suggested that cooperatives should make a list of items that India imports and plan an action to produce or manufacture them locally.

He said cooperative organisations can help reduce import of edible oils, fertilizers and crude oil.

"Our fuel import has to be reduced. In ethanol, we are working in a big way. Ethanol production has increased significantly," Modi said.



# MANAGEMENT PRACTICES FOR Insect Pests In Spring Maize



## CROPTALK

**M**aize (*Zea mays* L.) is one of the most versatile emerging crops with wider adaptability under varied agro-climatic conditions. In addition to staple food for human being and quality feed for animals, maize serves as a basic raw material to thousands of industrial products, including starch, oil, protein, food sweeteners, pharmaceutical, cosmetic, and film. Moreover, it fits well in the cropping system with potato as the third crop.

In Punjab, state cultivation of spring maize is very popular in the districts of Hoshiarpur, Kapurthala, Shaheed Bhagat Singh Nagar, Jalandhar, Ropar and Gurdaspur. Spring maize crop is attacked by various insect pests from time to time which causes economic losses to farmers. To avoid severe insect-pest, the spring maize should be sown by mid-Feb. Integrated pest management strategy is a rational approach which exploits a variety of pest management components in harmony with ecology. Hence, this article is focused on various insect-pests along with their control measures.

### Insect pests:

■ **Maize shoot fly:** Maize shoot fly is the most serious insect pest of spring maize. Maggots of all stages damage the crop, from the first to third weeks after seedling emergence. After hatching, maggots attack the maize seedlings, feed on the tissues



## AGRIWEATHER

The Chandigarh regional centre of the India Meteorological Department (IMD) has forecasted dry weather in Punjab and Haryana over the next four days. The weather is expected to remain dry in Punjab and Haryana during Feb 12-17.

of growing point resulting in wilting and drying of the central leaf known as dead heart which can be pulled out easily. The damaged plants produce side tillers which may also be attacked. Sowing must be completed before the first fortnight of Feb so that the crop escapes shoot fly infestation. For its control, treat the seed with 6 ml Gaucho 600 FS (imidacloprid) per kg seed. The treated seed should be sown within 14 days. If seed treatment is not done, then apply 5 kg Furadan 3 G (carbofuran) per acre in the furrows at the time of sowing.

■ **Armyworm and silk cutter:** Larvae feed on tender leaves from the margin inward. In case of severe attack, leaves including midribs are eaten away. Larvae excrete faecal matter in the form of pellets which are seen in the plant whorls, damage immature ears. The attack is relatively more on the border rows adjoining wheat fields in March. For its control, hand picking and destruction of larvae should be done. A timely sown crop escapes the damage.

■ **Fall armyworm:** It is more serious in kharif maize but late sown spring maize also face fall armyworm infestation. The young larvae feed by scraping the leaf surface making papery windows. The

bigger larvae feed voraciously on the central whorl leaves causing round to oblong holes and produce a large amount of faecal matter. The larva can be identified by predominant white-coloured inverted Y-shaped mark on the head and presence of four spots arranged in square pattern at the tail end. For its control, sow the crop at recommended time only i.e from Jan 20 to Feb 15 and avoid staggered sowing of maize in adjacent fields to minimize spread of this pest. Spray the crop with Coragen 18.5 SC (chlorantraniliprole) @ 0.4 ml per litre or Delegate 11.7 SC (spinetoram) @ 0.5 ml per litre or Missile 5 SG (emamectin benzoate) @ 0.4g per litre using 120 litres of water per acre, for crop up to 20 days old. Thereafter, the amount of water used per acre needs to be increased up to 200 litres with corresponding increase in dosage of above insecticides. If the infestation is in patches or the crop is more than 40 days old and spraying is difficult, apply soil-insecticide mixture (about half gram) in the whorls of the infested plants to manage fall armyworm.

*(By Rakesh Kumar Sharma, Farm Advisory Service Centre, Gangian, Hoshiarpur and Jawala Jindal, department of plant breeding & genetics, PAU, Ludhiana)*

For your views, suggestions and feedback, write to us at [crop.talkTOI@gmail.com](mailto:crop.talkTOI@gmail.com)





Barricades being put up at the Ghaziabad border on Monday to stop farmers' 'Delhi Chalo' march

PHOTO: PTI

## MINIMUM RELEVANCE PRICE

SANJEEV MUKHERJEE  
New Delhi, 12 February

Once again, thousands of farmers are poised to march to New Delhi. Once again, barricades are being put up at Delhi's borders. And once again, at the core of the issue is the minimum support price, or MSP.

The farmers want to press their long-standing demand for legalising the MSP, agree upon when three farm laws were repealed in December 2021.

In July 2022, the government had set up a committee to make MSP more effective and transparent, to promote natural farming, and to change crop patterns keeping in mind the changing needs of the country. This committee, though yet to submit a final report, has said that the recent price movement in critical crops such as wheat indicates the need for keeping market prices at reasonable levels to lessen the need for the support system.

In the last few seasons, though, the high market prices of cereal crops such as wheat have ensured that farmers preferred private buyers rather than

As farmers are poised to march on New Delhi once again, the MSP has not been seen much in action for critical crops the last few seasons

selling to the government at the MSP, which was lower than the prevailing mandi rates. In the rabi marketing season of 2019-20 (April to March) to 2021-22, wheat procurement showed an increasing trend and reached a record level of 43.3 million tonnes in 2021-22.

However, procurement recorded a steep decline in the rabi marketing season of 2022-23 and reached a record low of 18.8 million tonnes, but increased by about 40 per cent to 26.2 million tonnes in 2023-24.

In both 2022-23 and 2023-24 marketing seasons, the procurement was less than the target, as market prices were higher than the MSP, and farmers preferred private buyers. That the crop was on the lower side contributed to the lower procurement by state agencies.

**MSP and coming rabi**  
In the forthcoming rabi marketing season, say trade sources, market prices

of wheat might remain above the MSP or close to it, as demand is firm, which would mean state procurement could remain below the estimates.

The Central government has announced a big increase in the wheat MSP for the 2024-25 marketing season, which starts in April, of 706 per cent, the highest in the Modi government's tenure. Major wheat growing states such as Madhya Pradesh and Rajasthan have announced big bonuses on wheat MSP, which will mean that the crop there will come at a premium to the prices in the other major growing states of Punjab and Haryana.

At present, wheat prices in the Delhi markets are ₹2,500-2,550 a quintal. In case of paddy, too, procurement was off to a slow start in 2023-24 (October-September), but has picked up pace. A bigger reason for the initial sluggishness could be concerns over the kharif crop, but some traders say the good prices for

farmers this year in the open market for some varieties might have contributed.

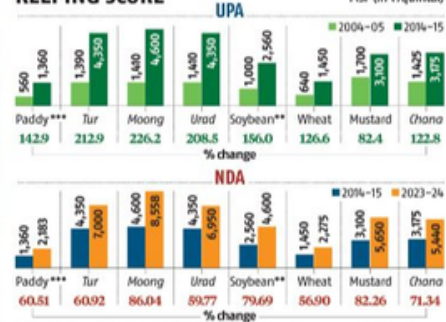
Among other major forthcoming rabi crops, traders say, mustard prices, which dropped below the MSP for 2024-25, might remain low due to the large influx of cheap edible oils from Indonesia and Malaysia, taking advantage of the favourable duty structure, and a bumper harvest.

"In case of gram (chana), our expectation is that prices might remain above MSP, as sowing is down while the yield is not up to the mark," a leading commodity analyst, told *Business Standard*.

**MSP and farmer income**  
More than the immediate concern over MSP, it is its administration that remains a topic of debate.

Ever since the National Democratic Alliance came to power in 2014, commodities purchased under MSP have seen a significant rise. The number of farmers benefitting from the purchases has seen a jump. Still, there have been instances of farmers being forced to dump their produce for want of higher prices and in the absence of proper

### KEEPING SCORE



\*\* MSP is for soybean yellow variety; \*\*\* Paddy is for common variety. Note: The crop price runs from July to June. Source: Department of Agriculture, Reserve Bank of India

markets. Such problems are more acute in perishable commodities.

This has reignited farmers' demand for legalising the MSP.

The Ashok Dahwal Committee on Doubling Farmers' Income, constituted by the Central government, has said that farmers' income from both farm and non-farm sources must grow by 104 per cent between 2015-16 and 2022-23 in real terms (inflation-adjusted) and not nominally.

At current prices, the acceleration must be faster, at the rate of 15.9 per cent.

However, data shows real income of an agriculture household from all sources grew by around 21 per cent in the six years between 2012-13 and 2018-19. This means an average annual growth of just about 3.5 per cent in real terms.

In nominal terms, the incomes grew by 60 per cent between 2012-13 and 2018-19, which is an annual average of 10 per cent.

**Legalising MSP**

Several farmers' groups and experts are convinced that it is doable and should be done given that agriculture incomes are growing at a pace not very healthy. But, given the vastness of India's agriculture markets, the sheer quantum of produce the country generates every year and the multiple layers of intermediaries between the farmer and the end-consumer present stiff challenges.

"It is feasible, only that one needs the intent and will power to do so. There are multiple draft legislations available through which these can be implemented. But, the current government believes more in direct transfers such as PM-KISAN and not so much in MSP," Sudhir Panwar, former

member of Uttar Pradesh Planning Commission, told *Business Standard*.

"The MSP structure is needed to give safety and security to farmers. Its implementation for all crops needs to be guaranteed."

C.S. Sekhar, professor of economics at the Institute of Economic Growth, says legalising MSP is not a solution, but also that declaring MSP not a solution by effective procurement is meaningless.

Theoretically, he says, direct procurement is the best way to ensure MSP to farmers, but it suffers from two major constraints: Storage capacity and governance.

Further, Sekhar says that based on his analysis of 2019-20 production of 14 major crops as notified in the first advance estimate for which the Centre declared the MSP, only 30 per cent of the crop can be directly procured by the government due to storage constraints. The rest must be absorbed by the market.

His calculations, published in the EPW, show that to provide deficiency price payment for the 14 identified crops, except wheat and rice, an annual subsidy expenditure of around ₹2.31,403 crore at 2021-22 levels would be needed. There are also implementation inconsistencies.

Therefore, Sekhar advocates an income-based support system for non-staple food commodities. PM-KISAN, he says, can be an instrument.

"Leaving everything to the market is challenging, because we tend to think of farmers as a homogeneous entity, but in fact they are very heterogeneous. The small and medium farmers need protection and the large ones need markets," he says.

Right now, both small and large are poised to march on New Delhi.

## TN govt to act on Coromandel fertilizer plant resumption only after its compliance with TNPCB recommendations

Our Bureau  
Chennai

The Tamil Nadu government will take the next course of action on the fertilizer unit of Coromandel International in North Chennai (that is temporarily shut) only after all the recommendations prescribed by the technical committee have been fulfilled and duly certified by the Tamil Nadu Pollution Control Board (TNPCB), said Siva V Meyyanathan, Minister for Environment and Climate Change.

The plant was shut down on December 26, 2023, following leakage of ammonia gas that left nearly 50 hospitalised.

The Minister was responding to some of the MLAs in the

Assembly urging the State government to permanently shut down the factory following the ammonia gas leak incident. The Assembly on Wednesday took up the issue calling attention to matters of urgent public importance on leakage of ammonia gas in Coromandel International factory.

On February 4, the Tamil Nadu government directed the TNPCB to implement the recommendations of the technical committee report on the ammonia gas leak in Ennore. The State government had constituted a technical committee to ascertain the cause of the ammonia leak in Ennore on December 26.

An official release then said the ammonia leak had oc-

curred from the under-sea pipeline of Coromandel International Ltd, close to the shore. It was also observed by the committee that the significant relocation of heavy granite boulders around the pipeline due to Cyclone Michaung could have caused damage to the pipeline, which resulted in the ammonia gas leakage.

### RECOMMENDATIONS

The committee, in its recommendations, said the unit shall replace the existing offshore pipeline with a new pipeline with latest automatic control, and an accident prevention system. The pipeline is not properly protected at the location where it emerges out of sea water and crosses the road

to reach the plant. Before every pre-cooling and ammonia transfer operation, the unit shall carry out a mandatory pressure test using nitrogen gas to check the integrity of the pipeline. Only after ensuring that the pipeline is intact and safe should any ammonia be transferred to the pipeline, the committee said.

TNPCB has submitted the above report of the Technical Committee to the government. The government has accepted the recommendations of the committee and directed TNPCB to implement all recommendations of the technical committee immediately and report compliance, the release said.





# Indian Cos in Action Mode to Tackle Red Sea Headwinds

Tie up extra funds to buy raw materials in advance, negotiate terms with clients

**Writankar Mukherjee  
& Sharmistha Mukherjee**

**Kolkata | New Delhi:** Indian companies, bearing the brunt of Red Sea disruptions, have started taking measures to safeguard their international supply chains amid delays, rising shipping costs and increased insurance premiums.

This includes creating an additional pool of working capital to procure raw materials in advance which are imported through the Red Sea route, using air freight to meet urgent demand and holding negotiations with clients, logistics and insurance companies, industry executives said.

Varun Beverages chairman Ravi Jaipuria told investors recently the company is overstocking imported raw materials due to safety reasons, which is "creating some cost." He said freight rates have risen sharply, raw material costs have ballooned and some of the shipments are getting delayed, inflating the company's working capital.

"So, that is why we are making it very safe for ourselves and not worrying about additional inventory cost...Some risk protection we are doing with the geopolitical situation. Suddenly, the Suez Canal has got blocked and we do not want to take any chances for any goods, safeguarding ourselves," said Jaipuria.

Companies dealing with confectionery said cocoa prices have hit the roof and that they are trying to get ad-

## Playing it Safe

### VARUN BEVERAGES

Company is overstocking imported raw materials for safety reasons

### PARLE PRODUCTS

Price increase in cocoa will impact profitability

### GOKALDAS EXPORTS

Most client brands are offsetting incremental insurance by talking to their logistics partners

### MG MOTOR

Logistics costs have increased, there is a delay in shipments

### MARUTI SUZUKI

Red Sea route affects a small part of the total exports



VIJAY P

vance orders in bulk. Executives said the global cocoa shortage has been exemplified with the Red Sea crisis. "Even when we are willing to pay a 25-30% premium price, there is no easy availability of cocoa. This price increase will impact profitability," said Parle Products senior category head B Krishnarao.

The Red Sea crisis entered its fourth month in February impacting global trade since this channel is one of the world's busiest cargo routes. The unfolding crisis has forced vessels to reroute shipments via the Cape of Good Hope, weigh-

ing on costs.

Arvind told analysts that ₹20-₹25 crore of revenue has spilled over into this quarter from the December quarter due to the crisis as it could not meet all orders due to container logjam. The company is negotiating freight costs for goods where it has to bear the freight, but for most orders, freight is on the account of the customer, vice-chairman Punit Lalbhai said in a recent earnings call.

Gokaldas Exports management told analysts earlier this month that most of the client brands are offsetting incremental insurance by talking to their logistics partners and some are also using air freight to save time.

Car makers, who export cars or import components through this route, said the crisis has caused some disruption to operations. MG Motor India chairman emeritus Rajeev Chaba said the company procures some components from Europe. "If the crisis continues for long, there will be an impact for sure. Already logistics costs have increased and there is a delay in shipments," he said.

Maruti Suzuki executive director (corporate affairs) Rahul Bharti said since the company's exports to about a hundred countries, the Red Sea route affects a small part of the total exports. "And for that part, we have started shipping our vehicles through an alternate route which may lead to slight increase in cost and time," he said.



# BharatRohan, AgHub to develop pest & disease detection tech in paddy, cotton

## Our Bureau

Bengaluru

Drone-based crop monitoring services provider BharatRohan has announced a co-innovation partnership with AgHub, the agri-innovation hub of Professor Jayashankar Telangana State Agricultural University (PJTSAU). This collaborative effort aims to promote a culture of co-innovation, collaboration, and co-creation, facilitating advancements through synergies between agtech start-up and agricultural scientists.

The partnership leverages BharatRohan's experience in hyperspectral imaging for agricultural crops, focusing on creating a spectral library to improve pest and disease detection in paddy and cotton crops. This initiative is expected



to significantly benefit farmers by potentially increasing yields through a reduction in losses caused by pests, such as the brown plant hopper and pink bollworm, and diseases like rice blast and boll rot, by 20-30 per cent.

### CUTTING COSTS

Amandeep Panwar, Co-founder of BharatRohan, said, "Utilising hyperspectral technology, we aim to provide invaluable insights leading to healthier crops, reduced input costs, and enhanced

yields. Our collaboration with AgHub and PJTSAU underscores our dedication to sustainable and prosperous agriculture."

The collaboration leverages innovative hyperspectral imaging and advanced drone technology, setting a new benchmark in early detection and intervention for crop management. This integration is anticipated to lead to more sustainable farming practices and healthier crops.

Kalpana Sastry, MD of AgHub, said, "While the initial focus is on paddy and cotton crops, in a long-term goal we will expand this library to include a wider variety of crops. This is a pioneering step opening doors of research institutes and universities in collaborating with agtech start-ups in innovation space."

## Deepak Fertilisers And Petrochemicals

**Category & Award: Operational Excellence in Logistics (Winner)**

**D**eepak Fertilisers and Petrochemicals Corporation (DFPCL) has strategically positioned itself with a fully developed road network spanning the state, mitigating the risk associated with a lack of rail connectivity. What could have been a constraint became a catalyst for innovation as DFPCL shifted from commodity and bulk fertilisers to specialty fertilisers and farm input solutions, adopting a customer-centric approach. DFPCL pioneered the integration of planning tools for robust execution, implementing a Transportation Management System (TMS) to enhance productivity. The impact was substantial, with an 8 per cent reduction in distribution costs and

a significant drop in the sales-to-inventory ratio. Distribution centres were optimised, and the turnaround time for raw material vehicles within the plant saw a drastic reduction, improving overall efficiency. In the agricultural sector, DFPCL's evolution from bulk fertilisers to speciality farm inputs and custom products for specific crops and soils signifies a commitment to innovation. Meanwhile, in the chemical domain, the company ascended the value chain, transitioning from bulk commodities to industry-specific product grades. DFPCL's success story extends beyond operational excellence and technological innovation; it epitomises a distinguished image in the industry.



# Permanent solution to food security may be some time away

WTO draft text proposes to 'agree, adopt' a binding framework until next meet

SHREYA NANDI & SANJEEB MUKHERJEE

New Delhi, 25 February

**A** draft text ahead of the World Trade Organization's (WTO's) 13th ministerial conference (MC13) has proposed to "agree and adopt" a permanent solution to public stockholding for food security until the next ministerial meeting.

This means a permanent solution India has been negotiating hard for may be pushed back by another two years, since the conference is generally a biennial meet. The other option mentioned in the draft is to adopt a permanent solution in MC13, expected to start from February 26 in Abu Dhabi.

The outcome, however, will be clear after the final round of talks this week.

Meanwhile on Sunday, G33 group of developing countries in a statement urged all WTO member nations to make a concerted effort to agree and adopt a permanent solution on the matter since public stockholding for food security purposes is of 'critical importance' to developing countries.

"The G33 co-sponsoring members reiterate the importance of the proposal submitted with the African Group and the African, Caribbean, and Pacific Group, and invite other members to engage constructively with the elements contained therein, as a basis to achieve outcome on public stockholding for food security



## WHY IT MATTERS TO INDIA

▶ **India wants fast-tracking of a permanent solution** on public stockholding for food security

▶ **Procures foodgrain at MSP and subsidises them through public distribution system,** claiming that it safeguards millions from hunger

▶ **MSP, particularly for rice, faces scrutiny under WTO trade norms,** as subsidies have exceeded suggested limits thrice

▶ **Invokes peace clause under WTO norms to shield food procurement** from sanctions in case of breaching subsidy limit

▶ **Finds support from developing nations,** but developed countries see this as a roadblock to trade

purposes in MC13," according to the G33 ministerial statement on agriculture trade negotiations.

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# G33 nations urge WTO members to work on permanent solution

**NEW DELHI:** The G33 group of countries on Sunday expressed serious concern over lack of progress in agriculture trade negotiations and urge the WTO members to work on a permanent solution to the issue of public stockholding of grains for food security purposes.

The G33 group includes 47 developing and least developed countries. In a joint statement, the G33 group also said that it is the right of the developing country to use the Special Safeguard Mechanism (SSM) as an important instrument against major import surges or sudden price declines.

The members should agree

and adopt a decision on SSM by the 14th WTO Ministerial Conference (MC), it said.

However, on the issue of public stock holding, the G33 statement has sought a permanent solution in the 13th Ministerial Conference beginning on Monday in Abu Dhabi.

MC is the highest decision making body of the World Trade Organisation (WTO).

"The G-33 co-sponsoring Members,... urge all (WTO) Members to make all concerted efforts to agree and adopt a permanent solution on the issue (public stock holding)," the G-33 Ministerial Statement on Agriculture Trade Negotiations

at the 13th WTO Ministerial Conference said.

A vast majority of G33 members recognise the critical importance of public stock holding for food security purposes for developing countries in meeting their food and livelihood security, as well as rural development imperative, including supporting low-income or resource-poor producers. The public stock holding (PSH) programme is a policy tool under which the government procures crops like rice and wheat from farmers at the minimum support price (MSP) and stores and distributes foodgrains to the poor. PTI

## Nearly 8,300 soil testing labs set up since 2014-15 to help boost soil health, crop yield

*Govt has also distributed 23.58 lakh soil health cards to farmers free of cost*

**NEW DELHI:** Nearly 8,300 soil testing labs have been set up across the country since 2014-15 as part of the government's efforts to improve soil health and reduce input cost incurred by farmers to grow crops, according to an official.

These are static soil testing labs, mobile testing labs, mini labs and village level soil testing labs. That apart, the government has also distributed 23.58 lakh soil health cards to farmers free of cost. The move is aimed at promoting balanced use of

fertilisers, cut input cost and boost crop productivity.

"The root of farmers' welfare is in the health of soil," a senior government official said. The government is implementing Soil Health Management & Soil Health Card Schemes under the National Project on Soil Health & Fertility of National Mission for Sustainable Agriculture since the year 2014-15.

Now, these schemes have been merged as Soil Health & Fertility component of Rashtriya Krishi Vikas Yojana. "So

far, 23.58 crore soil health cards have been distributed free-of-cost to farmers under the scheme," the official said. Based on the recommendations on Soil Health Card, the trainings and demonstrations are conducted to create the awareness among the farmers for adopting the recommendations on judicious use of chemical fertilizers.

So far, 93,781 farmer's trainings, 6.45 lakh demonstrations, 7,425 farmer's melas/ campaigns on soil health card recommendations have been organized

across the country, the official highlighted. Since 2014-15, the official said that a total of 8,272 soil testing labs have been set up across the country.

Out of these, 1,068 are static soil testing labs, 163 mobile soil testing labs, 6,376 mini soil testing labs and 665 village level soil testing labs. "Total Rs 229.95 crore has been released to states/ UTs for soil testing labs under the scheme. Out of this, Rs 83.31 crore has been released to states/ UTs for the past five years," the official said. PTI



# Sharad Pawar: Centre's flip-flops over farm policies affecting agro-economy

Abhijeet.Patil@timesgroup.com

**Kolhapur:** NCP (Sharad-chandra Pawar) chief Sharad Pawar on Wednesday said Union govt's decision "to suddenly" extend the ban on export of onions after lifting the curbs was among its "frequent flip-flops" over policies pertaining to farm produce damaging India's agro-economy.

Union minister of state and MP from Dindori (Nashik rural) Bharti Pawar had on Sunday said a meeting of Union govt's group of ministers, led by home minister Amit Shah, decided to withdraw the ban on onion export subject to a cap. On Tuesday, govt reiterated that the ban

## Onion farmers demand lifting of ban on exports as wholesale prices dive 63%

**Nashik:** Farmers have demanded that the Centre should lift the ban on onion exports to arrest the sharp fall in its average wholesale prices in Lasalgaon. On Wednesday, the average wholesale prices of the kitchen staple dropped about 10% to Rs 1,451 per quintal as compared to Rs 1,600 per quintal the previous day. Since the Union govt imposed a ban on onion exports on Dec 7 last year, the average wholesale prices have plummeted 63% — from Rs 3,950 per quintal on Dec 6 last year to Rs 1,451 per quintal now. — Tushar Pawar

on onion exports would continue till end-March and only a limited quantity was being allowed to be shipped to neighbouring countries after they sought supplies through diplomatic channels.

Pawar said, "The decision to extend the ban is

wrong. First, govt imposed the ban, then they lifted it and now again imposed the curbs. This inconsistency in the policy is extremely dangerous for the country's agro-economy. Centre is changing its decisions every fortnight. It affects the farmers."

To drive home his point, Pawar cited examples of imposition of restrictions on ethanol production from sugar cane juice "after encouraging the sugar millers and distillers to invest in setting up ethanol plants".

Pawar also said there was widespread resentment among farmers in north India over the minimum support price for their produce. "The farmers had in the past staged agitation at the Delhi border for over a year. They withdrew the protest after Centre partially approved their demands. However, the farmers subsequently felt betrayed after Centre failed to buy the produce at the support price," he said.

## MSP BOOSTER'S IMPACT DIFFERS BY THE CROP

AS YOU SOW

To placate the agitating farmers, the Central government has mooted a proposal to purchase five crops (three pulses — tur, arhar and masoor — and maize and cotton) over the next five years at minimum support price (MSP) under a contractual agreement. A *Business Standard* analysis of the MSP of these five crops in 2014-15 (the first year of the BJP government) and 2022-23, and the percentage change in the latter over the former shows an interesting trend. Data shows that while MSP on these

crops increased between 49.7 per cent and 78.8 per cent (see chart), the acreage under these was up as low as 0.9 per cent (for cotton) and as high as 23.5 (for Urad). It was a different story in the case of wheat and paddy, which continue to be sown on the largest area in the country. While paddy MSP was up by half, acreage was up 8.43 per cent. The acreage under wheat, meanwhile, declined 0.19 per cent despite a 46.5 per cent increase in MSP.

SANJEEB MUKHERJEE

Crop	MSP (₹/quintal)			Production (mn tonnes)			Acreage (mn hectares)		
	2014-15	2022-23	% change	2014-15	2022-23	% change	2014-15	2022-23	% change
Paddy	1,360	2,040	50.00	105.48	135.75	28.70	44.11	47.83	8.43
Wheat	1,450	2,125	46.55	86.52	110.55	27.77	31.46	31.40	-0.19
Tur/arhar	4,350	6,600	51.72	2.80	3.31	18.21	3.85	4.06	5.45
Urad	4,350	6,600	51.72	1.95	2.63	34.87	3.24	4.00	23.46
Masoor	3,075	5,500	78.86	1.03	1.55	50.49	1.46	1.63	11.64
Maize	1,310	1,962	49.77	24.17	38.08	57.55	9.18	10.74	16.99
Cotton*	3,750	6,080	62.13	34.8	33.66	-3.28	12.81	12.92	0.86

Note: MSP refers to minimum support price; paddy acreage data for kharif and rabi seasons; crop year from July to June \*data for medium staple cotton Sources: Department of Agriculture, RBI



# 5 crops at MSP for 5 yrs: Centre's offer to farmers

SANJEEB MUKHERJEE & AGENCIES

New Delhi/Chandigarh, 19 February

The Centre has broached a proposal to buy the marketable surplus in the cases of *masoor* (lentil), *urad* (black gram), *arhar*, maize, and cotton over the next five years at their minimum support prices (MSPs) to break the logjam in talks with protesting farmers, Food Minister Piyush Goyal said late on Sunday.

However, the proposal seems to have divided the agitators with the Samyukta Kisan Morcha (SKM), which led the 2020-21 agitation on Delhi, rejecting the offer, while SKM (Apolitical), which is spearheading the protests this time, seeking more time.

In terms of the central proposal, the purchases done through National Agricultural Cooperative Marketing Federation of India (Nafed), National Cooperative Consumers' Federation (NCCF), and Cotton Corporation of India (CCI) will be under a contractual agreement and will assist in diversification from paddy and wheat, Goyal said.

Whether the purchases will



Farmers at the Punjab-Haryana Shambhu border during their *Dilli Chalo* protest, near Patiala district on Monday PHOTO: PTI

## TAKING STOCK

**26.05%**

Share of *tur*, *urad*, and *masoor* (lentil) in total pulses output of India in 2022-23

**12.54%**

Share of maize in total cereal production of India in 2022-23

**33.66 mn bales\***

Total production of cotton in India in 2022-23

\*One bale is 170 kgs; follows July-June crop season

Source: Government of India

be limited to those farmers who have diversified from wheat and paddy was not clear. "Cooperative societies like the NCCF and Nafed will enter into contracts with farmers who

grow *tur dal*, *urad dal*, *masoor dal* or maize for buying their crop at MSPs for the next five years," he said. Turn to Page 6 ▶

■ MSP IMPACT DIFFERS BY CROP 6 ▶



# Centre to bolster organic food testing capabilities

Govt to invest about ₹105 cr to set up two dozen central and state-owned labs

**Dhirendra Kumar**

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**NEW DELHI:** The Centre plans to add organic food testing capabilities to two dozen central and state-owned testing labs, two people aware of the development said, in a ₹105 crore-step to improve the quality of organic food in the market and offer better prices to farmers.

Another 66 government-owned labs will be upgraded to handle organic food testing by India's food regulator, the people cited above said.

The move comes as India's organic food market rapidly expands in a setting of limited testing capacity, one of the persons cited above said on condition of anonymity.

As of 1 January, an estimated 67 labs were equipped to handle organic food testing and certification. These are mostly privately owned and affiliated to Apeda (agricultural & proc-



Another 66 government-owned labs will be upgraded to handle organic food testing by India's food regulator.

MINT

essed food products export development authority). Apeda and the government aren't satisfied with the private labs' testing outcomes, prompting the move to upgrade government-owned labs.

The country's apex certification body for testing standards, the Bureau of Indian Standards (BIS) under the ministry of consumer affairs, plans to fund institutes of states and the central government to upgrade their food testing labs.

The programme will be implemented in partnership with Food Safety and Standards Authority of India (FSSAI), and over 90 labs are expected to be ready for organic products' testing in the next three months, said the other person, who also requested not to be named.

Financial and technological support will be extended to research institutes' food labs, including those affiliated with the BIS, the Council of Scientific & Industrial Research (CSIR),

the Indian Council of Agricultural Research (ICAR), the Defence Research and Development Organisation (DRDO), the National Test House (NTH), and more.

Funds will be provided to laboratories in Kerala, Karnataka, Maharashtra, Uttar Pradesh, Rajasthan, and Haryana, encompassing 12 state labs and 12 central research institute labs.

The other 66 labs will be upgraded by FSSAI.

The BIS has greenlit the proposal to procure advanced equipment for these labs, said the first person cited above.

Queries sent to BIS director general, secretary, spokesperson of the consumer affairs ministry, and chief executive of FSSAI remained unanswered till press time.

"Recently, Apeda banned some private agencies for their involvement in unethical practices," said Siraj Hussain, former agriculture secretary.

"So, it will be a good move by BIS and FSSAI for setting up their own labs for organic products. This will increase consumer confidence in organic products."

## When UPA rejected Swaminathan's MSP formula

TRIBUNE NEWS SERVICE

NEW DELHI, FEBRUARY 14

The Congress, which on Tuesday promised a legal guarantee to minimum support price if voted to power in the upcoming General Election, had not accepted the MS Swaminathan formula on MSP calculation during the UPA regime.

Parliamentary records reveal that in an April 2010 answer to a query in the Rajya Sabha, then Minister of State for Agriculture and Food KV Thomas had said that the MS Swaminathan Commission recommendation that the MSP should

be at least 50 per cent more than the weighted average cost of production "has not been accepted by the government".

Giving reasons for the rejection of the suggestion made by the commission in its report under the UPA-II regime, Thomas said, "The National Commission on Farmers under the chairmanship of MS Swaminathan has recommended that the MSP should be at least 50 per cent more than the weighted average cost of production. This recommendation, however, has not been accepted by the government because the MSP is recommended by the

### REASONS CITED BY THEN GOVT

- The recommendation (by the Swaminathan panel) has not been accepted by the (UPA) government as the MSP is recommended by the Commission for Agricultural Costs and Prices
- Therefore, prescribing an increase of at least 50 per cent on the cost may distort the market; a market linkage between the MSP and cost of production may be counter-productive in some cases



Commission for Agricultural Costs and Prices based on objective criteria and considering a variety of relevant factors. Therefore, prescribing an increase of at least 50 per cent on the cost may distort the market. A market linkage

between the MSP and cost of production may be counter-productive in some cases."

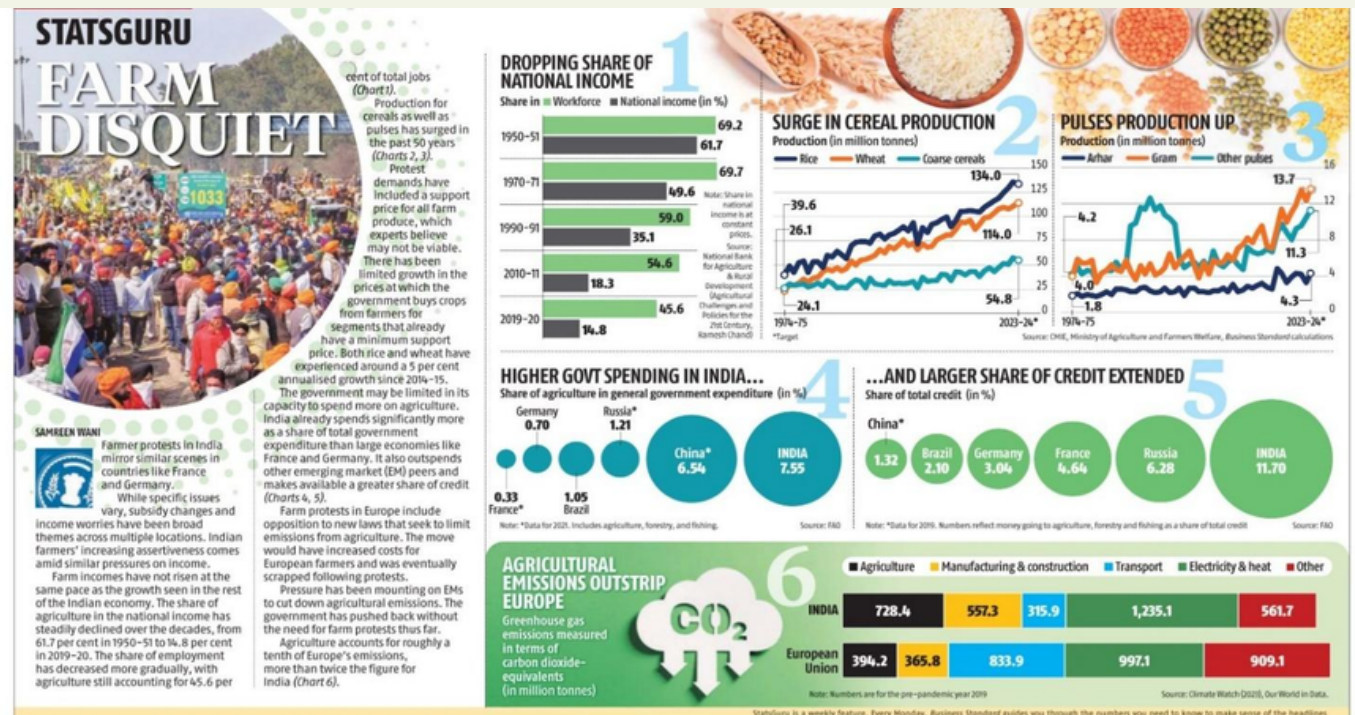
The answer was to a question by BJP MP Prakash Javadekar who had asked whether the government had accepted the recom-

mendations of the Swaminathan Commission regarding the calculation of remunerative prices to be paid to the farmers.

The MSP formula recommended by MS Swaminathan was implemented after the BJP government came to power in 2014.

BJP leaders on Wednesday asked why the Congress did not implement the Swaminathan Commission recommendations while it was in power. The National Commission on Farmers submitted five reports between December 2004 and October 2006 under former PM Manmohan Singh.





# India's agri exports manage to counter Red Sea crisis: Official

## Soaring prices, diversified products and destinations help

GYANENDRA KESHRI  
NEW DELHI, DHNS

India's export of basmati rice and grapes to European countries and Egypt has been impacted due to the prolonged Red Sea crisis, chairman of the Agricultural and Processed Food Products Export Development Authority (APEDA) Abhishek Dev said on Tuesday.

However, the shipments to the Gulf countries like the United Arab Emirates (UAE) and Saudi Arabia have not been impacted. As a result of this, the overall export of basmati rice has increased.

The value of export of the fine grain surged to \$3.97 billion in April-December 2023 period from \$3.33 billion recorded in the same period previous year, registering a growth

of 19%. This is partly due to better valuation as the price of the premium rice soaring globally.

However, overall rice exports declined by 8.51% year-on-year during April-December 2023 period due to restrictions on shipments. In view of the surge in prices amid low domestic output, the central government has imposed curbs on exports of non-basmati rice.

Addressing a press conference, APEDA chairman said in the first three quarters of the current financial year export of basmati rice jumped by 19% year-on-year in value and 11% in volume terms.

The exports of basmati rice increased from 31.98 lakh tonnes in April-December 2022 to 35.43 lakh tonnes in April-December 2023 period.

He said APEDA has taken a



number of measures to diversify the export base of agricultural products. The number of countries where India supplies fresh fruits increased to 111 in the current financial year, from 102 last year.

Basmati rice was exported to 149 destinations in April-De-

cember 2023 period, nine more when compared with the same period last year. Iran, Iraq, Saudi Arabia, the United States and the UAE are the top importers of Indian basmati rice.

In the non-basmati category, the export value of parboiled

rice rose from \$1.87 billion in April-November 2022 to \$2.05 billion in April-November 2023, registering a year-on-year growth of 9.36% in value terms. However, the quantity of exports decreased from 50.67 lakh tonnes to 48.29 lakh tonnes during this period, registering a decline of 4.70%.

The impact of the Red Sea crisis is not reflected in these numbers as the shipments, due to the tensions in the maritime route, were hit largely since December.

For the first time India started export of bananas to Russia. The first shipment of Indian bananas was sent to Russia in January. Amid escalating tensions between Russia and Ecuador, traditionally the largest supplier of bananas to Russia, there is a potential for increased demand for Indian bananas in the Russian market, APEDA chairman said.

Export of bananas from India surged by 63% year-on-year in April-November 2023 period, while the exports of fresh eggs, kesar and mango have more than doubled during this period.



LINE &  
LENGTH.

TCA SRINIVASA RAGHAVAN

**S**o the farmers of Punjab are protesting again in their unique coercive way. Such protests are very old and happen everywhere. This is because the underlying economics problem is unsolvable. Thus, for the last 1,000 years, at the very minimum, societies across the world have grappled with this problem: how to detach earnings from productivity.

The periodic protests by farmers, since they were first recorded in Europe in the 13th century, are only one manifestation of this. There are several others that are not quite as dramatic.

Try as anyone will, the link between productivity and earnings in it refuses to go away. Clearly, therefore, it is a permanent one.

However, that doesn't mean that the link should not be weakened. All societies have tried to do this at least.

But as we can see from the protests in Europe and other places, even that hasn't worked. It's simply impossible to detach productivity from earnings without resorting to massive income transfers.

The US and the European Union have been doing it via massive subsidies. So has India. But how do you do that without hugely annoying the transferors?

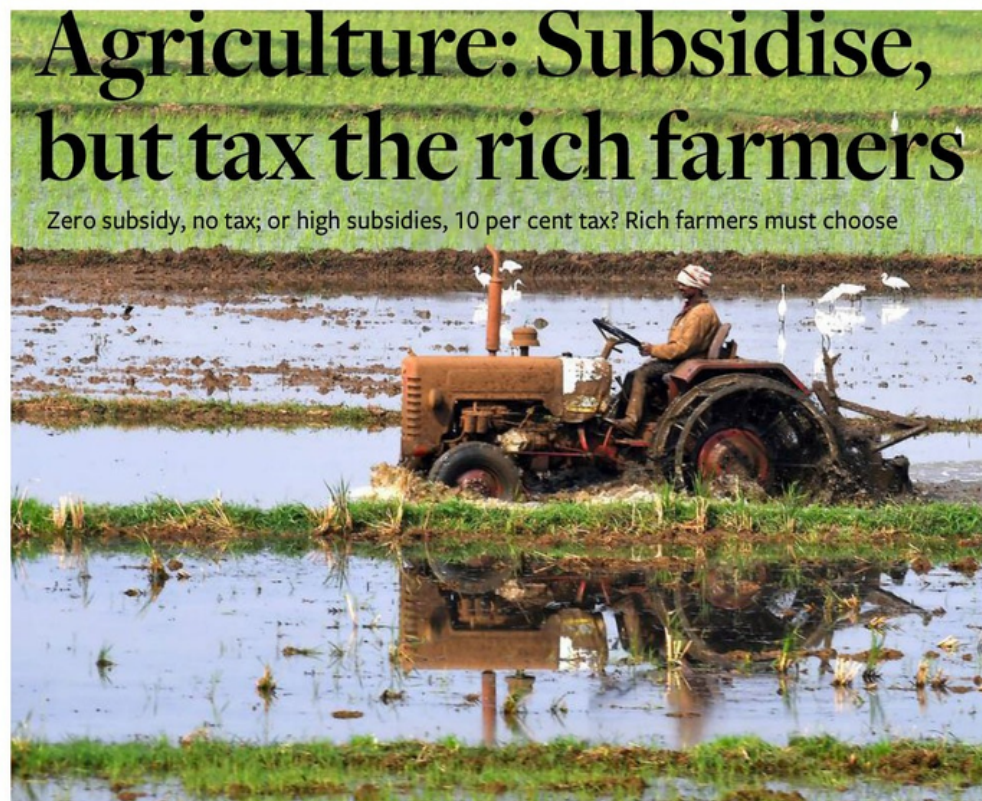
But China hasn't made this sort of transfer. If anything, the transfers there are in the opposite direction! The farmers subsidise the non-farmers. That's because they can't protest.

Few people know it but until the reforms of 2007 and 2008, the total extraction by the state from farm incomes was a whopping 43 per cent. It has been brought down to 'only' 17 per cent or so now.

#### THE UNBREAKABLE LINK

But let's leave China aside and revert to the original and universal problem of the link between productivity and earnings. Having been a journalist for 44 years, I know from experience that journalism is a very low-productivity, low-income profession but, fortunately, enjoys no compensation via income transfers.

There's another low or, in fact, zero productivity activity. This is general administration by governments, that is, the *babudom*. It administers rules that it



# Agriculture: Subsidise, but tax the rich farmers

Zero subsidy, no tax; or high subsidies, 10 per cent tax? Rich farmers must choose

makes. There's no value addition. But its earnings are high relative to its productivity. The government looks after its own.

Practically all other economic activities lie somewhere in-between. Farming lies at the lower end because it faces conditions of perfect competition where no individual farmer can change the price. That's why they try to do it by banding together.

Sometimes they get what they want but are still unable to break the low returns link with low productivity, which is the real problem. But just as with those who administer rules for the government, so with farming. The link

**There is another way to break the dreadful productivity-earnings link in agriculture: abolish MSP altogether.**

can't be broken except with massive income transfers.

#### INCOME SUPPORT

Last week some of us were discussing this problem. One of the discussants, an American, said farm subsidies can be given provided also that farm incomes were taxed, as indeed they are for all government employees who administer rules. One Indian discussant said yes, fine, but in that case increase the subsidy to farmers. This would be the equivalent of dearness allowance, I suppose.

So then the issue became one of linking the subsidies with the tax rate. Specifically, how much of the subsidy can a government recoup via an income tax, as it does in the case of DA? Would this not amount to a sleight of hand?

The answer depends on how a society views citizens' duties and their entitlements. In India we tend to place a zero value on duties and an infinite value on entitlements. It's a general problem

and especially true of farmers. It's this that has to change.

The point is an old one: not everyone who claims — mind, claims — to be a farmer is either a farmer or so poor that he or she can't afford to pay 10 per cent of his or her income as tax if the overall income exceeds, say, ₹10-12 lakh a year. That sounds fair.

It would, therefore, be very useful if a survey was conducted to identify these high income earners in farming. We can then ask them to pay at least a small portion of the subsidy for their less fortunate farmer 'brothers'. That is, a cross subsidy between farmers rather than to farmers from non-farmers.

There is, of course, another way to break the dreadful productivity-earnings link in agriculture: abolish MSP altogether. Rich farmers can be asked to choose which method they prefer: zero subsidy and no income tax or high subsidies and 10 per cent income tax.

# India's agri exports manage to counter Red Sea crisis: Official

**Farmer Groups Are Seeking MSP At Least 50% Higher Than C2 Cost**

**Wheat, paddy C2 production costs rise 39%, 51% in 10 years**



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