

**VAIKUNTH MEHTA NATIONAL INSTITUTE OF CO-OPERATIVE MANAGEMENT PUNE**

**Newspapers Article (9.3.2024)**

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# As cotton tops ₹60,000/candy, growers hold back produce

**TRADE UNFAZED.** Traders, spinning mills not worried as ample stocks are available

**Subramani Ra Mancombu**  
Chennai

Cotton growers are holding back their produce again after prices on the Intercontinental Exchange (ICE), New York, surged to a one-and-a-half-year high of 107.3 cents (₹70,200 per candy of 356 kg), but mills and traders are unfazed as there are ample stocks.

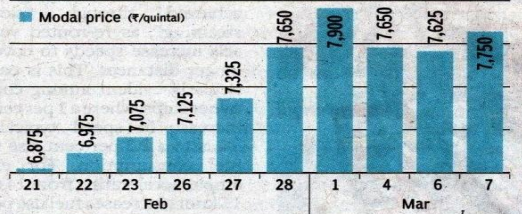
However, the ending stocks this season may be one of the lowest in recent years, particularly if demand for exports picks up in the wake of prices turning competitive in the wake of the rise on ICE. "Cotton prices saw an upswing during the last two weeks. Cotton futures for May (on ICE) increased to 99.57 cents per pound (₹65,150/candy), finally settling at 96 cents level (₹62,824/candy). However there is no panic buying," said Maj Gen (Retd) OP Gulia, CEO SVP Global Textiles Ltd, a company listed on the Bombay Stock Exchange.

The price rise has resulted in arrivals dropping to around 80,000 bales currently from about 1.2 lakh bales a fortnight ago. "Farmers should be holding at least 100 lakh bales with them currently," said Anand Popat, a cotton, yarn and cotton waste trader based at Rajkot, Gujarat.

## UP 1,000/QUINTAL

On Thursday, May ICE cotton contracts ruled at 96.33 cents a pound (₹63,030/candy). Prices have tended to cool a little this week after the US reported a 69 per cent lower sales of cotton this week. On the Multi Commodity Exchange, the natural fibre was quoted at ₹64,900/candy for May contracts. In Rajkot, lint or processed cotton was quoted at an average of ₹61,250 per candy. The

## Domestic cotton mirroring ICE\*



Source: Agmarknet \*Prices at Rajkot APMC yard, Gujarat

Cotlook A Index, a benchmark for the natural fibre, is currently at 101.70.

At the Rajkot agriculture produce marketing committee (APMC) yard, the modal price of kapas (unprocessed cotton) was ₹7,750 a quintal against the minimum support price of ₹6,620 for the medium staple variety.

Prices are up over ₹1,000 for the past fortnight. On NCDEX, kapas (unprocessed cotton) for delivery in April ended at ₹1,647.5/maund of 20 kg (₹8,237.5/quintal). The spike in the prices saw the Southern India Mills Association urging the mills not to resort to panic buying.

## NO PANIC

Gulia said there is no panic buying by spinning mills. "The main reason is fresh crop arrivals are over and supply has become slow. Good quality cotton has been stored for export purposes," he said.

Domestic spinning mills have not been affected despite speculative and volatile movement on ICE cotton futures. "But it has resulted in arrivals slowing down and sales are tight forcing spinners to buy at around ₹60,000-61,000/candy levels. The Cotton Corporation of India (CCI) is selling at around ₹62,300-63,000 a candy, whereas multinational trading firms are of-

fering at ₹64,000-65,000," said Ramanuja Das Boob, who sources cotton for domestic mills, exporters and multinationals from Raichur in Karnataka. "Farmers were bringing a good amount of cotton as long as prices were in the range of ₹55,000/candy. After prices hit ₹60,000 they have slowed down holding back as there is no pressure on them," said Popat.

ICE futures are witnessing huge speculation resulting in prices rising. According to the US Commodity Futures Trading Commission weekly commitment of traders report, managed money funds added 7,900 contracts taking the net long position to 94,038 by February-end. However, net shorts during the same period were up at 1,34,264 contract, an indication of the speculation.

According to Gulia, a little dip in production due to rains in September 2023 and the US Department of Agriculture's February WASDE report projected a reduction of 3,55,000 bales in the 2023-24 world cotton production, primarily due to cuts in Australia and Benin, lent support to the surge. Buying by China after the New Year Holiday and Turkey from the biggest US Cotton also helped the uptrend, he said.

Though the Cotton Association of India (CAI) has

pegged the cotton crop at 294.10 lakh bales (170 kg each), the Ministry of Agriculture and Farmers Welfare last week estimated the crop this season at 323.11 lakh bales against 343.47 lakh bales last season. "In India, there is no cotton shortage but farmers have turned conservative by holding on. Ginners and stockholders are unable to exert any pressure on the market," said Das Boob.

The CCI holds nearly 32 lakh bales and of this, it has sold some 1.5 lakh bales. "Mills are buying from CCI for their needs since they also get a 60-day period to pay and the quality is also good," Das Boob said. Multinational trading houses are reportedly holding around 15 lakh bales, traders said.

## PRICE COMFORTABLE

Gulia said mills are yet to start operating at full capacity as the yarn market has not picked up yet. However, they are signs of pick up in Bangladesh since October 2023.

Das Boob said yarn prices have increased by ₹15-20 following the cotton price spurt but buyers may not be able to digest more hikes. "The current prices of ₹60,000-61,000/candy seems comfortable for everyone," he said.

Popat said as long as CCI sells, any sharp rise in domestic cotton prices could be capped. "But it will depend on the selling price of the corporation. I feel there are chances for prices to rise by another ₹1,000-2,000," he said.

However, prices may not rise beyond ₹65,000/candy, the Rajkot-based trader said, adding that export of cotton could be between 25 and 30 lakh bales. "Indian cotton is now at a discount to global cotton. Hence, there is some demand," he said.



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## Centre setting up e-marketplace for direct farmers-consumers contact

**Vishwanath Kulkarni**  
Bengaluru

In a move aimed at further digitalising the process of agri-marketing in the country, the Government is setting up an e-commerce portal to help farmers and agri-entrepreneurs connect with consumers and sell their products directly. The portal, KisanKart.online, is being developed by the Indian Council of Agricultural Research (ICAR)'s Agricultural Technology Application Research Institute (ATARI) in Bengaluru. It is expected to be fully operational around August this year.

Agri and value-added products produced by farmers, entrepreneurs mentored by the Krishi Vigyan Kendras (KVKs) and collectives such as the farmer producer organisations (FPOs) and self-help groups (SHGs) across the country will be made available to retail consumers through the KisanKart portal.

### **BYPASSING MIDDLEMEN**

"The e-commerce platform will help enable farmers and agri-preneurs to expand their market reach, bypass the middlemen and reach the consumers directly. Bypassing the middlemen will help enhance farmers' income," said V Venkatasubramanian, Director, ATARI Zone 11, Bengaluru.

### **A wide range of products produced by farmers and agri-preneurs will be made accessible to consumers through the e-commerce platform**

Besides eliminating the intermediaries, the creation of a digital agri-marketing system will help encourage local value addition at the farm level thereby reducing post-harvest losses, promote local and special products of various geographies while empowering the small and marginal farmers, Venkatasubramanian said.

The portal, developed by the technology team of ATARI has been launched on a pilot basis and integrated with KVKs such as Pathanamthitta, Gadag and Kolar, showcasing products of local agri-preneurs. Each KVK will have a separate marketplace on the portal showcasing the products and have a payment gateway.

A wide range of products produced by farmers and agri-preneurs such as vegetables, oils, spices, cereals, millets, orchids and value-added food products including those

made from various fruits, vegetables and mushrooms among others will be made accessible to consumers through the e-commerce platform. Also, farmers can access inputs such as seeds, bio-formulations, micronutrient formulations, simple hand tool implements through the portal, Venkatasubramanian said.

### **UNIFORM BRAND**

All products sold through the e-commerce platform will be under the uniform brand of Kisan Samridhhi, Venkatasubramanian said. Consumers will also have access to products coming out from various farmer-centric schemes such as ODOP (One District One Product) and also the Geographical Indication tagged products through the portal.

The proposed e-commerce portal, which will open up a national market for such products, will be the government's major market linkage initiative for the farmers after the rollout of e-NAM (electronic national agricultural market).

Himanshu Pathak, Secretary, DARE and DG ICAR, is optimistic in making the portal operational pan India benefiting millions of farmers and agri entrepreneurs. This will be a game-changer in the process of digitalising the agri marketing.



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## Farmers' enrolment in crop cover scheme up 27% this fiscal

**Our Bureau**  
New Delhi

The government has said there is a 27 per cent increase in farmers enrolled under the flagship crop insurance scheme PMFBY and the share of non-loanee farmers was 42 per cent in the total enrollment during 2023-24, both kharif and rabi seasons. However, the increase this year has been attributed by experts to Maharashtra and Odisha's decision to completely bear the farmers' share of the premium.

"During the past eight years of implementation of the Pradhan Mantri Fasal Bima Yojana (PMFBY), 56.80 crore farmer applications have been enrolled and over 23.22 crore farmer applicants received claims," the Agriculture Ministry said in a statement. About ₹31,139 crore was paid by farmers as their share of premium, against which



Launched in 2016, PMFBY shields farmers from crop loss or damage arising from unforeseen events PTI

claims of over ₹1,55,977 crore was disbursed to them by insurance companies, the government said. There is no mention of total premium collected by insurers during this period.

### DEMAND-DRIVEN

Stating that PMFBY is a demand-driven scheme and is voluntary for the States as well as farmers, it said the number of farmer applications has

grown 33.4 per cent in 2021-22 and 41 per cent in 2022-23 (y-o-y basis). Launched in 2016, PMFBY shields farmers from crop loss or damage arising from unforeseen events. Under the Prime Minister Fasal Bima Yojana (PMFBY), farmers pay a nominal 2 per cent of the sum insured as premium in the kharif season and 1.5 per cent in rabi and 5 per cent for cash crops in both seasons. The remaining premium amount, derived after tender for different crops in different clusters, is shared 50:50 by Centre and States.

The ministry said that the scheme is regularly reviewed in consultation with stakeholders to address the challenges faced in its operational implementation. The major improvements made include making the scheme voluntary for all farmers, compulsory use of at least 0.5 per cent of the gross premium collected by insurance companies for IEC activities.



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## How Odisha brought millets back on farms, menus

ISB's Bharti Institute of Public Policy says a 360-degree view of Odisha Millets Mission helped it succeed

**KV Kurmanath**  
Hyderabad

The buzz around millets had reached its peak last year as the world celebrated the International Year of Millets and India announced a major push to drive millet consumption. But for a few proactive States, we don't see much action on this front in most States.

Odisha has come out with an interesting model, the Odisha Millets Mission (OMM), which comprises several components. From preparing good agronomical practices to supporting farmers by offering minimum support price, and from building a State-wide structured administrative mechanism to providing

Budgetary funds and promoting consumption — the Mission has succeeded in bringing millets back on the farmers' agenda, and more importantly, on to the menus of people, Bharti Institute of Public Policy, an arm of the Indian School of Business, has said. The institute has done a study on the mission and came out with a report Odisha Millets Mission - A Transition to a Just Food System, tracing its implementation in the Eastern State.

Started in 2017-18 in 30 blocks across seven districts (now in 30 districts), the initiative roped in self-help groups, non-governmental organisations and farmer producer organisations and entrepreneurs to make it an



**MAJOR ROLE.** Women farmers take an active part in Odisha's Millets Mission

inclusive programme.

In order not to glut the market with millets and depress prices, the State government introduced millets in the Public Distribution System and the Integrated Child Development Services (ICDS). The NITI Aayog liked this idea and felt that other States could take a cue.

### OBJECTIVES

The mission was aimed at increasing the price of millets; promoting millet food culture in urban and rural areas; conserving and promoting millet landraces; promoting post-harvest and primary processing enterprises for millets and improving the productivity of millets-based crop systems.

"The mission is supported by a multilevel, hybrid programme management unit embedded in an inter-departmental government machinery. While the Programme Secretariat is managed by Watershed Support Services and Activities Network (WASSAN), the Research Secretariat is managed by the Nabakrushna Chowdhary Centre for Development Studies.

The mission was started with a budget of ₹580 crore in 2017 for four years 2017-2022. The State Cabinet has approved a four-fold increase taking it to ₹2,687 crore for the next phase. "Odisha Millets Mission is not just about promotion of the nutri-cereal crops, it is also about ad-

ressing the equity and justice for vulnerable rain-fed smallholder farmers, mostly tribals. To revive millets, the Odisha has adopted a fork-to-farm approach with emphasis on household consumption, both in rural and urban areas. We have also undertaken efforts to promote locally appropriate traditional varieties of custodian farmers through uniquely designed seed system for landraces. In addition, with women self help groups at centre, there is a grassroots transformation of millet value chain through the Millet-Shakti initiative," said Arabinda Kumar Padhee, Principal Secretary, Agriculture and Farmers Empowerment, Odisha.



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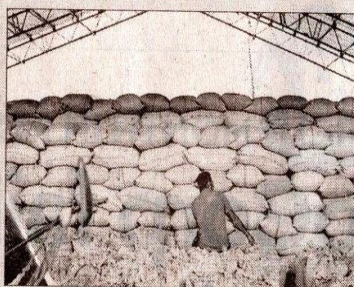
# Govt open to procuring pulses, maize at MSP

Earlier offer was only for Punjab, Haryana farmers

**SANDIP DAS**  
New Delhi, March 8

**THE GOVERNMENT HAS** reportedly assured protesting farmers that it will procure maize, cotton, and various pulses varieties, including arhar, urad, and masoor, at the minimum support price (MSP) not only from Punjab or Haryana, but from all over the country for the next five years. According to official sources, this offer is subject to the condition that farmers diversify from water-intensive paddy cultivation.

Officials said government agencies would procure these five crops at MSPs "without any



upper limit" to boost output, with the modalities of MSP purchase currently being finalised. Previously, a similar facility was extended to farmers from Haryana and Punjab, which they declined.

The sources said the government agencies such as farmers' cooperative Nafed and National Cooperative Consumers Federation (NCCF) will be entrusted

with the task of procurement of pulses, maize and cotton from the farmers. "Assured buyback is expected to encourage farmers to shift to pulses, maize and cotton from paddy," a source said.

On the issue of providing legal guarantee of MSP purchase for 23 crops, a source said: "MSP will remain in the current form and there would not be any change in it."

## FINDING A SOLUTION

- Agencies would procure 5 crops— arhar, urad, masoor, maize & cotton—at MSP "without any upper limit"
- Offer subject to farmers diversifying from water-intensive paddy cultivation
- Agencies like Nafed, NCCF will be entrusted with procurement

## Govt to procure 0.5MT onions for buffer

The government is planning to procure 0.5 million tonne (MT) of onions this year for its buffer stock that can be used to intervene in the market in case of a price rise, according to sources. Of last year's buffer stock, 0.1 million tonne is still available, the sources added.

— PTI

## Farmers will see reason, says Goyal

**UNION MINISTER**

**PIYUSH** Goyal said that the Modi government is committed to the welfare of farmers and exuded confidence that the farmer leaders will see reason and call off their protest. He said that the government always support farmers and it stands by them.

"Please don't get misled by the propaganda of some people. This government is committed to the interest of farmers."

— PTI