

VAIKUNTH MEHTA NATIONAL INSTITUTE OF CO-OPERATIVE MANAGEMENT PUNE

Newspapers Article (14.3.2024)

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Chhattisgarh buys 95% of rice output

BONUS IMPACT. Data show that FCI procured 74 lakh tonnes of rice against a production of 78.22 lt

Prabhudatta Mishra
New Delhi

Chhattisgarh has procured 95 per cent of the State's rice production this year, aided by a ₹900/quintal bonus paid by the Vishnu Deo Sai Government above the minimum support price (MSP) of paddy resulting in rice millers and traders reportedly seeking grain from other States to meet the demand of the 20 per cent of the population not covered under the national food security law.

Chhattisgarh has emerged as a rice bowl of the country in the last decade and is now among top six producers of the grain.

According to latest official data, the Food Corporation of India (FCI), through State agencies, has purchased 74 lakh tonnes (lt) of rice, whereas the Agriculture Ministry data show production at 78.22 lt for 2023-24 crop year (July-June). Farmers in Chhattisgarh grow paddy only in kharif season and negli-

gible crop sown during rabi which is not taken into consideration for estimate.

SURPLUS PADDY?

However, on perusal of procurement data, it has been found that 144.92 lt of paddy arrived in the procurement period (between November 1, 2023 and February 4, 2024) whereas 110.45 lt got purchased. This meant about 34.5 lt of paddy were not purchased and it would have translated into about 23 lt of rice, whereas official estimates show only 4.22 lt of rice should have been available with farmers as well as in the market.

Trade sources said the rice procurement data is likely to be further revised to 83 lt as the State is said to have procured 145 lt of paddy which is equivalent of 97 lt in terms of rice.

"Either the government estimate of rice production in Chhattisgarh is way off the mark or the procurement system is faulty. Only a proper enquiry will tell



REAPING GAINS. Chhattisgarh rice farmers have sold their entire crop to the government and the current supply is coming from what traders had kept

the truth as to where is the surplus paddy coming from if not grown in the State," said an official source.

Chhattisgarh Chief Minister Vishnu Deo Sai, on March 12, launched 'Krishak Unnati Yojna' to provide "input assistance" to farmers and released ₹13,289 crore to 24.72 lakh paddy growers who sold to the government at an MSP of ₹2,203/quintal (Grade A variety). Sai had said that

farmers were paid the difference amount (what was promised against the MSP). BJP had promised to procure paddy at ₹3,100 per quintal from farmers during the Assembly polls last year.

BONUS ABOVE MSP

Since 2014, the Centre has imposed restrictions on States declaring bonuses above the MSP, particularly if the purchase exceeds

their own requirements under the National Food Security Act (NFSA). Despite this, Chhattisgarh introduced a scheme that effectively provided a bonus without contravening the Centre's rules.

"Farmers have sold their entire crop to the government and the current supply is coming from what traders had kept, which were purchased by them above MSP from farmers," said Vijay Tayal, general secretary of Rice Millers' Association of Chhattisgarh. He said rice millers are not getting paddy and as a result the rates in open market are also high. He said that from a farmer perspective there is no point in not selling paddy when rate is ₹3,100 and getting rice free of cost through ration shops.

Out of 2.55 crore population in Chhattisgarh, as many as 2 crore people (about 80 per cent) are covered under NFSA and entitled to receive free foodgrain at 5 kg per person per month.

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As robusta prices rise to record, coffee growers laugh their way to banks

Vishwanath Kulkarni
Bengaluru

Indian coffee growers are all laughing their way to the banks as prices of robustas, the widely grown variety in the country, have hit a new record high, playing catch up with arabicas. Traditionally, arabicas, the premium and mild variety that have a smoother and sweet taste, have been expensive compared to the robustas, which is a strong and bitter brew.

With the premiums commanded by the Indian robustas going up coupled with the uptrend in the global prices on account of supply issues in the largest producer Vietnam, the farmgate prices of both varieties here are now at a par.

PARCHMENT UP 27%

Since early this year, arabica prices in India have been stagnant, while robustas have moved up in sync with the global trend and have hit a new high. Robusta parchment prices are up by 27 per cent since late December, while robusta cherry is up by 16 per cent.

GROWERS RETAIN

Mahesh Shashidhar, former chairman of Karnataka Planters' Association, said while the growers have largely sold their arabicas, many of them are holding on to the robustas anticipating further price increase. Growers are benefited with the record prices of robustas as the yields are almost double that of arabicas and the cost of production is comparatively lower, he said.

Though the unseasonal rains during harvest has impacted the robusta output to some extent and despite a surge in harvest costs on account of labour shortage, Indian growers are seen gaining from the price rise.

"Growers are happy with the prices and we are advising

Playing catch up

(Raw coffee prices in ₹/50-kg bag)

	Mar 12, 2024	Mar 14, 2023
Arabica Parchment	13,900-14,100	15,000-15,400
Arabica Cherry	7,800-8,100	7,700-7,850
Robusta Parchment	13,500-14,050	10,350-10,800
Robusta Cherry	7,800-8,100	5,100-5,200

Source: Coffee Board

them to sell in a staggered manner and not to risk by holding the entire produce," said HT Mohan Kumar, President, Karnataka Growers Forum. These high prices should help the grower recover their losses of earlier years to a great extent.

"We are also surprised with the increase in prices of robustas. We believe its due to the supply chain disruptions in Vietnam due to the untimely rains," said KG Jagadeesha, CEO and Secretary, Coffee Board.

LIKELY TO SUSTAIN

With prices ruling high, the flow of the coffees into the market has slowed as farmers are holding back their produce anticipating further increase. "The harvesting is complete and lot of coffee is not coming into the market and arrivals are slow," said Ramesh Rajah, President, Coffee Exporters Association.

Rajah said the price increase is good in the short term for the growers. The prices are likely to sustain in the near term till Brazilian harvest starts in May-June, he said.

Pratheek Sargod of Sargod Coffee Curing Works in Chikkamagaluru said growers are selling about 50-60 per cent of their produce. Robusta prices are likely to remain firm till the production bounces back in Vietnam and the inventories are built up in the consuming countries, he said.

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Rains delay wheat harvest, put off FCI purchases

Prabhudatta Mishra
New Delhi

Wheat procurement by the Food Corporation of India (FCI) is yet to start due to low arrival of the crop in the market following recent rains which delayed the harvest.

Now that Madhya Pradesh and Rajasthan both have declared bonus over and above the MSP, the concentration of traders and stockists will move to Uttar Pradesh and Bihar to get the grain around the benchmark price if not less.

Only Uttar Pradesh had agreed to start procurement

from March 1 while Rajasthan had agreed to begin from March 10 and no crop has been procured, so far, trade sources said.

Though, the Madhya Pradesh government had earlier informed that the procurement could begin from March 22, there might be an early start from March 15 as arrivals have started, the sources said.

PROCUREMENT TARGET

Though the Centre has said it plans to buy 30-32 million tonnes (mt) of wheat in the procurement season starting April 1 by starting the purchase a month earlier, recent rains

have delayed the arrival and now in most of the States the momentum of arrival will pick up from April first week, traders and millers said.

However, in Rajasthan, the wheat arrival will gain pace after March 25, the sources said.

It is learnt that the procurement target may be fixed around 33.4 mt as States had informed that they could together contribute 36.7 mt of wheat to the Central Pool in 2024-25.

The Agriculture Ministry has pegged this year's wheat production at record 112.03 mt.

Amid depleting stock of

wheat in Central Pool after release of 10 mt in open market through weekly auction at subsidised rates, the current year's procurement is very crucial for the government. Though it is confident to buy more than the annual requirement of 18.4-19 mt, higher stocks will help it contain market prices.

HIGHER THAN MSP

Currently, wheat prices are ₹80-150/quintal higher than the MSP of ₹2,275 after both M.P. and Rajasthan announced a bonus of ₹125/quintal. In M.P., even the average quality crop with 16 per cent moisture level is selling at ₹2,350 and if

Uttar Pradesh declares a similar bonus, the traders and stockists will have to offer more than ₹2,400/quintal to buy any grain, said a flour miller.

According to official data, the Centre has 9.69 mt of wheat as of March 1, which is the lowest since 2017, when the stock dropped to 9.43 mt (as of March 1) from 16.87 mt in the same period in 2016. The buffer norm of wheat as on April 1 is 7.46 mt against which the stock with FCI was at 5.8 mt in 2008. After that it was marginally higher than buffer norm, at 8.06 mt in 2017 and 8.35 mt in 2023.

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Edible oil imports drop over 21% as palm oil shipments fall 27%

Our Bureau
Mangaluru

A 27 per cent decline in the import of palm oil led to over 21 per cent drop in edible oil during the first four months of the 2023-24 oil year (October-November).

Data from the Solvent Extractors' Association of India (SEA) showed that India imported 46.15 lakh tonnes (lt) of edible oil during November 2023-February 2024 against 58.44 lt in the corresponding period a year ago, registering a decline of 21.1 per cent.

Edible oil imports declined to 9.67 lt in February 2024 against 10.98 lt a year ago, slipping by 13.50 per cent.

BV Mehta, SEA Executive Director, said the availability of palm oil for edible requirements has come down as the main two producers - Malaysia and Indonesia - are diverting it

Palm oil output in Indonesia and Malaysia, major global producers, is expected to either marginally increase or decline in 2024 due to ageing plantations

for biodiesel production. This may increase prices this year, he said.

Palm oil output in Indonesia and Malaysia, which account for a bulk of global production, is likely to either rise marginally in 2024 or decline from last year's level, as ageing plantations and lack of expansion cap output, he said.

Total import of palm oil (including refined palm oil and crude palm oil) declined to 30.44 lt during November-

February 2023-24 from 36.70 lt in November-February 2022-23.

SOYABEAN EXPORTS UP

Mehta said that the import of soyabean oil from Argentina increased sharply in February 2024, and the import from Brazil declined due to the growing requirements of the domestic biofuel industry.

However, the overall import of soyabean oil declined during the first four months of the oil year 2023-24 to 6.64 lt against 12.04 lt in the corresponding period of 2022-23.

India imported 9.06 lt of sunflower oil during November-February 2023-24 against 9.69 lt in the corresponding period of the oil year 2022-23. India imported 3.51 lt of crude sunflower oil from Romania, followed by Russia at 3.01 lt, Argentina at 1.45 lt, and Ukraine at 42,990 tonnes.

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ISMA raises sugar output estimate to 340 lakh tonnes

Press Trust of India
New Delhi

Sugar industry body ISMA on Wednesday revised its estimates for gross production of the commodity by 9.5 lakh tonnes (lt) to 340 lt in the marketing year ending September.

In January, Indian Sugar Mills Association (ISMA) had projected the gross sugar production, without any diversion for ethanol, at 330.5 lt in 2023-24 marketing year (October-September).

In a statement, ISMA said the gross sugar production is now estimated at 340 lt in 2023-24 against the gross output of 366.2 lt in the previous year.

The executive Committee of ISMA in its meeting held on March 12, noted the sugar recovery, cane yield, remaining harvestable area / sugarcane and expected dates of closure of factories in different States.

The panel agreed that sugar-



cane availability in Maharashtra and Karnataka is higher than expected.

However, cane availability in another major state, Uttar Pradesh, is predicted to be lower than earlier estimates.

For the current 2023-24, the government has so far allowed sugar diversion of only 17 lt for production of ethanol via sugarcane juice/B-heavy molasses.

This would mean net sugar production could be around 323 lt.

ISMA said the net sugar production (after diversion for ethanol) stood at 255.5 lt up to February 29 of 2023-24 marketing year.

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Global grains market likely to be bearish as supplies ease

Subramani Ra Mancombu
Chennai

The global grains market will likely be bearish this year with supply pressures which built up during the Covid-19 pandemic easing. The decline in the Food and Agriculture Organisation's Food Price Index (FPI) for the seventh month in a row in February is another indication of the emerging trend, say analysts.

According to the Food and Agriculture Organisation (FAO), an arm of the UN, FPI was 117.3 points in February 2024, down 0.9 points from January. This was mainly in view of a decrease in the price indices for cereals and vegetable oils. This more than offset the increases in prices of sugar, meat and dairy products. Compared with the year-ago period, the FPI was down 13.8 points (10.5 per cent).

"We remain bearish as to the outlook for the interna-

tional grains markets in 2024 although we highlight that recent price declines across certain commodities, such as corn and wheat, have overshoot our forecasted average year-on-year price declines through the start of 2024 to date," said research agency BMI, a unit of Fitch Solutions.

The International Grains Council (IGC) said the estimate for world total grains production in 2023-24 is higher almost entirely because of maize. Including increases for maize industrial use and feeding, the forecast for grains' consumption is 2,310 million tonnes (mt), though the carryover may be lower at 589 mt.

The FAO said prices of all major cereals declined month on month in February globally. "Maize export prices dropped the most as expectations of large harvests in Argentina and Brazil, along with competitive prices offered by Ukraine eager to take advantage of the smooth running of



BUMPER HOPES. Prices of corn and wheat dropped more than forecast on hopes of large harvest

the maritime trade route, weighed on the market," it said.

A six per cent rise forecast in maize production to 1,234 mt in 2023-24 compared with 1,163 in 2022-23 is mainly responsible for the bearish outlook. Currently, global maize prices are lower by about 35 per cent year-on-year.

BMI said speculators remain pessimistic, with the net short positions held by money managers in corn and wheat contracts all at their

largest for at least the past five seasons. "We expect that the recent price declines will start to reflect in farmer planting decisions as, for instance, indicated by the USDA's projections for US grains acreage in 2024," it said.

LOWER FEB EXPORTS

According to data from the US Commodity Futures Trading Commission, bets on maize prices falling are the highest in 20 years, while in

the case of soyabean it is at a record high. Short positions or bets on wheat prices dropping are also huge.

FAO's Agriculture Market Information System (AMIS) said 2023 production is up on a higher estimate for Ukraine. Though wheat production is projected 2.3 per cent lower at 787.3 mt, global trade will likely be 1.2 per cent lower, it said. BMI said the US Department of Agriculture raised wheat supplies forecast last week by 0.8 mt.

FAO said prices declined in February on lower export quotations due a strong export pace from the Russian Federation, which exerted downward pressure on prices from other origins, in particular the European Union.

"In line with the softer tone in wheat and maize markets, world prices of barley and sorghum also eased," the UN agency said.

BMI said conversely prospects for global wheat and corn prices are less optim-

istic. "Anticipated improvements in production and exportation are expected to prevent any substantial price increases over the course of the year," it said.

RICE AN EXCEPTION

Prices of oilseeds, particularly soyabean, will also be under pressure on projections of a 5 per cent higher production. According to the IGC, soyabean production is estimated at 391 mt compared with 373 mt last season.

AMIS said the oilseed's trade will be lower and stocks will be virtually unchanged on accumulation in the US. The USDA said though there have been some losses in the Brazilian soyabean crop, it has been offset by increased rapeseed production in India, Russia, and Ukraine.

BMI said forecasts for lower crushing activity and a surge in exports from Brazil are likely to keep a lid on any potential rise in global soyabean prices. "