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Current News

Current news on the latest developments in fertiliser, energy, weather, agriculture, agri-business, logistics, economy, and other related areas

(*The views expressed in the news items are not necessarily of FAI*)

Friday, 4 July 2025	
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NCDEX partners with IMD to develop rainfall-based derivative product

NCDEX partners with IMD to develop rainfall-based derivative product

Our Bureau
Bengaluru

Commodity bourse National Commodity & Derivatives Exchange Limited (NCDEX) has signed a memorandum of understanding (MoU) with the India Meteorological Department (IMD) to develop a rainfall-based derivative product.

This strategic alliance lays the critical groundwork for the launch of India's first weather derivatives — a long-anticipated market instrument designed to help farmers and allied sectors hedge against climate-related risks such as erratic rainfall, heatwaves and unseasonal weather events, NCDEX said in a statement.

With this partnership, NCDEX will develop a rainfall-based derivative product, among others, using historical and real-time datasets sourced from IMD.

These datasets will be extensively graded and quality-verified, offering high-precision insights that can mimic real-world conditions with statistical accuracy.

ADVANCED INFO

The weather product to be developed under this collaboration will enable seasonal and location-specific derivative contracts.

They shall advance expertise on weather-related risks across agriculture, transportation and allied industries.

Arun Raste, MD & CEO, NCDEX, said, "With climate volatility increasingly affecting productivity and income of farmers, these instruments provide a market-based solution to weather risk."

"NCDEX has taken the first step in bringing this innovation to India, empowering farmers, traders and even sectors like tourism and transport to manage climate uncertainty more effectively," Raste said.

M Mohapatra, DGM, IMD, said: "Through this collaboration with NCDEX, we are now extending our scientific capabilities into the financial domain, allowing weather data to become a powerful instrument of economic stability and market innovation."

The collaboration will support capacity-building, joint research and training programmes for stakeholders, including FPOs, agri-traders, policy think tanks and analysts, the statement said.

Source: The Hindu Business Line, Friday, 4 July 2025

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Water storage in major reservoirs surges past 40%

Water storage in major reservoirs surges past 40%

Subramani Ra Mancombu
Chennai

The storage in India's 161 major reservoirs surged above 40 per cent of the capacity, with the country receiving 12 per cent surplus rainfall so far under the influence of the South-West monsoon.

According to the Central Water Commission (CWC), the key reservoirs are filled to nearly 43 per cent of the 182.444 billion cubic metres (BCM) capacity at 78.381 BCM. The feature of this week's situation was that five are full, while two key reservoirs in the South — the Krishna Raja Sagara and Mettur (Stanley) reservoirs are nearly full.

The water level is 89 percentage points higher than last year and 75 percentage points more than the normal (last 10 years' situation).

The situation is fast improving after the monsoon broke its 20-day hiatus after setting in early. The monsoon has covered the entire country much ahead of schedule.

The storage improved in all the five regions, with the situation in the South better than the rest. In the 45 reservoirs in the region, barring Andhra Pradesh, the level in the rest of the States was over 50 per cent.

TN STORAGE

In Tamil Nadu, the storage was 91 per cent, boosting the prospects of Samba crops that coincide with the kharif season. Besides the nearly-full Mettur dam, the Sholayar was filled to capacity. Overall, the level in the region was 54.12 per cent or 29.734 BCM of the 54.939 capacity.

Storage situation this week*

Percentage filled	#This week	#Last week
100%	5	3
91%-99%	3	3
81%-90%	7	11
71%-80%	15	6
61%-70%	20	15
51%-60%	21	20
41%-50%	29	28
40% and below	61	77

Source - Central Water Commission;
*Against capacity ; #No. of reservoirs

The 50 reservoirs in the western region were filled to about 45 per cent of the 37.357 BCM capacity at 16.693 BCM. While Goa's lone reservoir was full, the reservoirs in Maharashtra were filled over 53 per cent and in Gujarat about 35 per cent.

The storage in the 11 reservoirs of the northern region showed rapid improvement this week with the levels rising to 7.393 BCM or 37.27 per cent of the 19.836 BCM capacity.

The dams in Rajasthan were 60 per cent full, while in Himachal Pradesh, they were filled to 28 per cent and in Punjab to nearly 35 per cent.

FURTHER RISE LIKELY

In the Central region, the level in the 28 reservoirs was 33 per cent of the 48.588 BCM capacity at 16.115 BCM.

The storage in Madhya Pradesh was 36 per cent, while it was 30 per cent in Uttar Pradesh, 27 per cent in Chhattisgarh and 21.5 per cent in Uttarakhand.

In the eastern region, the level in the 27 reservoirs was 39 per cent of the 21.724 BCM capacity at 8.447 BCM. The situation in Bengal improved rapidly to 63 per cent this week, while it was 60 per cent in Assam.

The storage was above 50 per cent in Mizoram, Tripura and Jharkhand.

With the monsoon continuing to lash across the country, the storage will likely improve further. The India Meteorological Department has forecast that the country will receive 106 per cent of the normal rainfall in July.

This augurs well for the storage situation, besides improving the prospects for the kharif crop.

Source: The Hindu Business Line, Friday, 4 July 2025

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FERTILISER

Micro fertilizer makers seek single pan-India licence

Micro fertilizer makers seek single pan-India licence

Avinash Nair
Ahmedabad

Voicing disapproval at "over-regulation" and "multiple inspections carried out on micro-fertilizer manufacturers in India", the Indian Micro Fertilizers Manufacturers Association (IMMA) on Thursday sought "one licence" that is valid pan-India.

"The Fertilizer Control Order (FCO) has perhaps run its purpose. The origins of this order was at a time when fertilizer quality was a problem, shortages were there and food shortages were rampant. In this context, controlling fertilizers was perhaps important. In today's context, managing the fertilizers is important. The element of control needs to become management. Just like in FERA (Foreign Exchange Regulation Act), where the regulation of foreign exchange became management, because things became much more open and transparent and that is the kind of era we need to bring in terms of fertilizers," said Rahul Mirchandani, President of the Indian Micro Manufacturers Association (IMMA), a body representing manufacturers of micro-fertilizers.

The association advocates for government policies and advises on fertilizer laws.

Mirchandani was participating in a panel discussion on "Fertilizer Control Order - Non Subsidised Fertilizers - Ease of Doing Business" organised by the Soluble Fertilizer Industry Association (SFIA) at Mahatma Mandir in Gandhinagar.

"Today, if you look at the consumption of micronutrients in India, we are looking at a CAGR of 7.1 per cent, which is higher than most other categories. When you talk of sustainability, chelated or inert fertilizers, which deliver micro-nutrients, to crops has become one of the fastest growing segments in the country," Mirchandani said.

COST BURDEN. Over regulation added a compliance cost of 8-15% to the product price, which was passed on to the farmers

Pointing out that 65 per cent of the micro-nutrients are used in cereals and grains, he said "over regulation" was adding a compliance cost of 8-15 per cent to the product price, which was being passed on the farmers. In FY25, the volume of consumption of micronutrients stood at 6.35 lakh tonnes.

FACING ODDS

Citing the challenges faced by manufacturers, he said, "Despite being a very innovative and forward looking industry, we struggle with various issues. We need a separate licence in every State for the same product. We have physical depots in every State which adds cost to the product. We are today in an IGST regime where we can build and produce anywhere. What is the purpose in having a depot in every State and adding to the overheads. Multiple product registrations are taking place for every formulation. IGST billing exists, but movement control persists."

"Multiple inspections are taking place and inspectors at the local level are given sweeping powers. When we look at FCO as part of the Essential Commodities, even a minor variation — for instance, a spelling mistake on the label — are subject to criminal provisions. There is a need to simplify it. We need to move towards a one nation, one licence policy. It will ease regulation," he said, seeking a license that is valid pan-India, elimination of State-wide sale permission and a centralised digital product registry.

Moderating the discussion, Rajib Chakraborty, President of SFIA, said, "Fertilizer industry is the most inspected industry in the country. Such inspections are not even seen in drugs and pharmaceuticals or food industries.

This is probably a distrust of the authorities on the manufacturers. How will we counter China's dominance in specialty fertilizers in such a situation?"

Source: The Hindu Business Line, Friday, 4 July 2025

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AGRICULTURE

Kerala raises concern over India-US pact hurting agriculture

Kerala raises concern over India-US pact hurting agriculture

Amiti Sen
New Delhi

AT THE RECEIVING END. A pact impacting agriculture necessitates consultations with the State governments, said Kerala Agriculture Minister P Prasad

The Kerala government has expressed "grave concern" over the India-US bilateral trade deal negotiations and underlined that a pact impacting agriculture necessitates consultations with the State governments to avoid severe socio-economic and ecological consequences.

"After thoughtful deliberation on the far-reaching implications of such concessions, we must register our firm and unequivocal opposition to any agreement that endangers the livelihoods of millions and threatens the very foundation of Kerala's and India's agricultural economy," said Kerala Agriculture Minister P Prasad in letters to Union Agriculture Minister Shivraj Singh Chouhan and Union Commerce & Industry Minister Piyush Goyal.

DEADLINE LOOMS

With the July 9 deadline for the imposition of full 26 per cent reciprocal tariffs by the US on Indian goods fast approaching, "we acknowledge and commend" India's proactive efforts to secure tariff exemptions and expand market access for key labour-intensive sectors such as textiles, leather and engineering goods, Prasad noted. "However, the US demand for sweeping concessions in India's agricultural and dairy sectors is deeply concerning, particularly for agrarian States like Kerala, where agriculture forms the backbone of the rural economy," he said.

Kerala's agriculture, centered on cash crops such as coconut, rubber, pepper, cardamom, tea and coffee, supports millions of smallholder farmers, and the proposed FTA with the US poses multiple risks, the Minister stated. Prasad further said that NITI Aayog's recommendation for duty-free imports of GM soyabean and maize contradicts India's policy prohibiting GM crops for food.

He was referring to a recommendation made in a working paper by Niti Aayog, which is not available on the website any longer.

GM SEEDS

Union Agriculture Minister Shivraj Singh Chouhan reaffirmed that there are no plans to allow GM seeds in India, the letter added. "Such imports would benefit large US farmers and multinational corporates at the expense of Indian smallholders, undermining Kerala's organic and sustainable agriculture practices, particularly in spices and coconut," the letter noted.

The introduction of GM crops and industrialised feed products threatens Kerala's agricultural biodiversity, compromising food sovereignty and consumer health preferences, said Prasad.

Source: The Hindu Business Line, Friday, 4 July 2025

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India's jute import curbs and their implications

Sudden policy changes can hit a mutually beneficial trade relationship. A consultative approach is advisable

India's jute import curbs and their implications

Sudden policy changes can hit a mutually beneficial trade relationship. A consultative approach is advisable

Ganesh Valiachi

The recent directive from India's Directorate General of Foreign Trade (DGFT), restricting the import of select jute and flax products from Bangladesh to a single entry point, Nhava Sheva Seaport (JNPT), has added a new layer of complexity to an already delicate trade relationship between the two South Asian neighbours.

This measure curtails the entry of key jute and bast fibre commodities through traditional land ports like Petrapole and Gede, which have long served as critical lifelines for cross-border trade.

While the notification cites quality control, traceability, and inspection uniformity as the primary motives, the broader ramifications, both economic and geopolitical, are hard to ignore.

Jute trade has long been a cornerstone of Bangladesh's exports to India, supported by regional frameworks like the South Asian Free Trade Area (SAFTA) and India's Duty-Free Tariff Preference (DFTP) Scheme for Least Developed Countries (LDCs). Under these regimes, Bangladesh has enjoyed near-complete duty-free access to the Indian market.

According to DGCI&S data, the import value of raw jute from Bangladesh surged from $3.26 million in 2020 to $9.43 million in 2022, stabilising around $8.64 million in 2024.

Similarly, imports of jute yarn increased from $2.06 million in 2020 to $3.82 million in 2023, underscoring Bangladesh's dominance in natural fibre supply chains. However, this sharp growth also raised concerns within Indian regulatory bodies over potential misclassification, under-invoicing, and exploitation of less-monitored land ports. The import pattern of single flax yarn is even more revealing, showing a sharp spike from $95,107 in 2020 to $3.88 million in 2021, only to plunge again to $1,41,000 in 2023, inviting regulatory scrutiny. These inconsistencies raise valid concerns about compliance and origin, particularly when routed through smaller land ports lacking the digital and logistical infrastructure of seaports like Nhava Sheva.

PUSH TOWARD FORMALISATION

By restricting sensitive fibre imports to a single, well-equipped seaport, Indian authorities aim to eliminate routing ambiguities and reinforce valuation accuracy. But this move has impacted Bangladeshi exporters who rely mainly on land-based transport.

After pursuing an open door policy for decades recent measures by India suggest a shift from trade liberalisation to trade management — to protect domestic interests, plug revenue leakages, and assert regulatory sovereignty.

JUTE. Trade curbs DEBASISH BHADURI

From a strategic standpoint, India's policy pivot could also be interpreted through the lens of geo-economic positioning. Infrastructure projects like the Akhaura-Agartala rail link, remain incomplete or inactive. Meanwhile, India has recently revoked transhipment benefits previously extended to Bangladesh at Indian ports, reinforcing a narrative of tightened logistical control.

These actions suggest a broader intent: to recalibrate trade terms in favour of enhanced compliance while nudging Bangladesh toward a more formalised, rule-based trading relationship, possibly through a proposed Comprehensive Economic Partnership Agreement (CEPA), which both nations began exploring in 2022.

While regulatory vigilance is justifiable, the unilateral nature of such actions risks denting bilateral trust. Bangladesh remains India's largest trading partner in South Asia, and India has consistently enjoyed a trade surplus in the bilateral corridor.

In FY24, Indian exports to Bangladesh stood at $13.3 billion, while imports were approximately $2.7 billion, highlighting the strategic leverage India holds. For this very reason, trade regulation must be accompanied by diplomatic engagement and institutional transparency. Sudden port restrictions or policy shifts risk unsettling an otherwise growing and mutually beneficial trade relationship.

DGFT's notification is not an isolated administrative order but a reflection of deeper currents reshaping India's trade philosophy, one that emphasises compliance, inspection, and centralisation over decentralised facilitation. While the rationale may be economically sound, the execution must be diplomatically sensitive. If left unaddressed, such measures may dampen investor confidence, harm small exporters, and strain the goodwill that has defined India-Bangladesh trade for decades. A calibrated way forward would involve formalising CEPA negotiations, building shared inspection infrastructure, and engaging in bilateral consultations to ensure that trade flows remain not just regulated but resilient.

The writer is an Assistant Professor at Symbiosis Institute of International Business (SIIB), Pune. Views expressed are personal

Source: The Hindu Business Line, Friday, 4 July 2025

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Sugar supply tightens ahead of festival demand

deciding factor. Industry pins hopes on early production next season; monsoon holds the key to determining import needs

Sugar supply tightens ahead of festival demand

DECIDING FACTOR. Industry pins hopes on early production next season; monsoon holds the key to determining import needs

Prabhudatta Mishra
New Delhi

Sugar available for sale in the domestic market from the current season may be 9 million tonnes (mt) during the August-November period, which usually witnesses high demand due to the festival season.

As the government and sugar mills are pinning hopes on an early start to the next crushing season from October to augment availability, the South-West monsoon will be the deciding factor in determining if the country needs to import sugar.

In 2024, the government allocation during the August-November period was 9.3 mt, and the situation remained comfortable due to carry forward stocks of 8 mt from the 2023-24 season.

If the closing stock drops to 4.7 mt (to carry forward for the 2025-26 season), the government may need mills to produce 3-3.5 mt during first two months of the next season, an industry expert said. Mills had produced 2.79 mt of sugar during October-November of the 2024-25 season.

LESS DEMAND

The government last week said that the notional closing stock of sugar on June 30 was nearly 11.2 mt, and allocated 2.2 mt sugar quota for domestic sale during July.

Total allocation of the sugar quota so far during October 2024-July 2025 reached 22.95 mt, six per cent lower from 24.5 mt in the year-ago period. India had a record 29 mt sugar consumption in the 2024-25 season (October-September).

CHEENI KUM. Sugar sales were about 0.1 mt less than the allocated quota of 2.3 mt in June due to the early monsoon and below normal temperature during summer in many parts

"The sugar sales were about 0.1 mt less than the allocated quota of 2.3 mt in June due to the early arrival of the monsoon and below normal temperatures during summer in many parts of the country. Even in May also, demand was less compared to last year. Now mills are hoping for a demand pick-up in the festival season that starts with *Raksha Bandhan*, followed by Ganapati puja, *Dussehra* and *Diwali*," said a top executive of a sugar mill in Uttar Pradesh.

Industry bodies have informed the government about the lower demand in June, sources said. But, the final sales data will be available only after July 20, based on the monthly details filed by the mills, the sources said.

RAINFALL DATA

Meanwhile, according to the India Meteorological Department, monsoon rainfall between June 1 and July 3 was 57 per cent above normal in western Uttar Pradesh and 3 per cent below normal in the eastern region.

In Madhya Maharashtra, the rainfall so far is 36 per cent surplus, but in the Marathwada region it is 37 per cent deficient and in Vidarbha 3 per cent less.

Uttar Pradesh and Maharashtra are the top two biggest producers of sugarcane. The rainfall data of Uttar Pradesh show that if Meerut has 109 per cent above normal rainfall (more than double), in adjacent Shamli district the precipitation is 46 per cent lower than normal. There are several other districts like Kheri and Sitapur, Gonda and Balrampur, Pilibhit and Bareilly where the rainfall pattern is different from the another.

Agriculture scientists advise farmers of Uttar Pradesh to keep vigil against the Red Rot disease as prolonged water logging at this time may put the sugarcane crop at risk. However, higher rainfall towards the harvesting period, even in September, may not pose any threat, scientists said.

Source: The Hindu Business Line, Friday, 4 July 2025

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(Opinion)

Potential growth stays at 6.5%

Economic path. One has to focus on long-term drivers of growth, including the saving-investment rates and the ICOR

By C Rangarajan and DK Srivastava

Potential growth stays at 6.5%

ECONOMIC PATH. One has to focus on long-term drivers of growth, including the saving-investment rates and the ICOR

C RANGARAJAN
DK SRIVASTAVA

India's real GDP grew at 7.6 per cent in 2022-23, 9.2 per cent in 2023-24 and 6.5 per cent in 2024-25. This provides an average annual growth of 7.8 per cent which is also the compound annual growth rate (CAGR) over this period.

In fact, this average is without taking into account, the real GDP growth of 9.7 per cent in 2021-22 which was due to high base effects after the Covid year of 2020-21.

The 9.2 per cent growth rate recorded in 2023-24 also appears to be an outlier. The exceptionally promising post-Covid growth performance raises the question whether India's potential growth rate has become 7 per cent plus.

In quantifying potential growth, one has to focus on long-term drivers of growth including the saving-investment rates and the incremental capital output ratio (ICOR).

On the output side, real GVA growth is largely driven by service sector growth. The three major service sectors namely trade, hotels, transport et. al., financial, real estate and professional services, public administration and defence et. al. services accounted for 18.6 per cent, 23.6 per cent and 12.5 per cent respectively of overall GVA, considering the three-year average over 2022-23 to 2024-25.

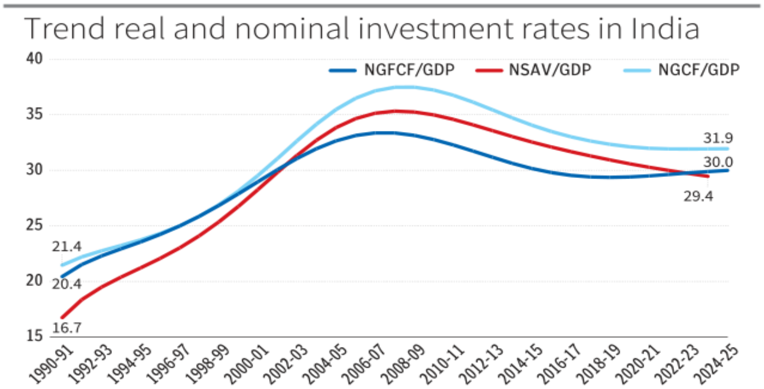
Their average annual growth during this period was 8.6 per cent, 9.4 per cent and 8.1 per cent respectively. Thus together, these three service sectors accounted for 54.6 per cent and showed an average growth of 8.8 per cent over this three-year period of 2022-23 to 2024-25.

Manufacturing, on the other hand, has accounted for a share of 17.2 per cent with an average growth of 5 per cent during this period.

Agriculture has done well in this period with an average growth of 4.5 per cent which compares well with its long-period average growth of 3.9 per cent covering the period 2011-12 to 2024-25.

Thus, manufacturing growth which has lagged behind the overall GVA growth, has to pick up to make India's overall growth story more robust and balanced.

On the expenditure side, growth in private final consumption expenditure (PFCE) has averaged 6.7 per cent during the period 2022-23 to 2024-25. However, investment measured by gross fixed capital formation, had shown a higher average growth of 8.1 per cent during this period.



Real and nominal gross fixed capital formation as percentage to GDP on trend basis

Year	Nominal net inflow of foreign capital/ GDP	Nominal saving/ GDP	Nominal GCF/ GDP	Valuables, change in stocks and discrepancies	Nominal GFCF/ GDP	Real GFCF/ GDP
2011-12	2.1	34.1	36.1	4.4	31.7	31.8
2012-13	1.9	33.5	35.4	4.3	31.1	31.9
2013-14	1.7	33.0	34.7	4.1	30.6	31.9
2014-15	1.5	32.5	34.0	3.9	30.1	31.9
2015-16	1.4	32.1	33.5	3.7	29.8	31.9
2016-17	1.3	31.7	33.0	3.5	29.5	31.9
2017-18	1.3	31.3	32.6	3.2	29.4	32.0
2018-19	1.4	30.9	32.3	3.0	29.3	32.1
2019-20	1.5	30.6	32.1	2.7	29.4	32.3
2020-21	1.7	30.2	32.0	2.5	29.5	32.5
2021-22	1.9	30.0	31.9	2.3	29.6	32.8
2022-23	2.2	29.7	31.9	2.2	29.7	33.0
2023-24	2.5	29.4	31.9	2.0	29.9	33.2
2024-25	NA	NA	31.9	2.0	30.0	33.4
Average(2011-12 to 2024-25)	1.7	31.5	33.1	3.1	30.0	32.3

Source (basic data): MoSPI

Within the overall profile of investment, the government's thrust on capital expenditures has played a pivotal role with an average growth of 21.4 per cent during this period. Net exports contributed, on average, to the overall real GDP growth during this three-year period only (-)0.1 per cent point, highlighting the importance of domestic factors in India's growth profile.

> **The GCF/GDP ratio peaked at 37.5 per cent in 2007-08 and 2008-09** and after that it gradually declined on trend basis to reach a near stabilised level of 32 per cent in recent years

SAVING AND INVESTMENT RATIOS

In order to consider issues pertaining to India's potential growth rate, it is useful to look at the trends in real investment rate and its financing by domestic savings and net inflow of foreign capital. Chart 1 shows real and nominal investment rates as depicted by gross capital formation (GCF), gross fixed capital formation (GFCF) and savings relative to GDP, all in nominal terms.

Savings, together with net inflow of capital finance gross capital formation. The GCF/GDP ratio peaked at 37.5 per cent in 2007-08 and 2008-09 and after that it gradually declined on trend basis to reach a near stabilised level of 32 per cent in recent years. From this if we deduct, investment in valuables, change in stocks and discrepancies which follow a near similar pattern, we arrive at GFCF/GDP ratio which is presently stabilised at about 30 per cent. This is in nominal terms. In order to translate this to real terms, which is relevant for the growth analysis, we need to utilise the relevant deflators relating to GDP and GFCF.

Table 1 shows that the real investment rate measured by GFCF/GDP ratio is higher than the nominal GFCF/GDP ratio. Thus, the process of conversion of nominal saving rate to real investment rate can be considered in three steps.

First, the nominal saving to GDP ratio is considered which has fallen on a trend basis from a peak of 34.0 per cent in 2011-12 to 29.4 per cent in 2023-24. To this net inflow of foreign capital is added. This had declined on trend basis from 2.1 per cent in 2011-12 to 1.3 per cent in 2017-18, and has since recovered to a level of 2.5 per cent in 2023-24. This rise in net inflow of foreign capital has partly made up for the fall in nominal savings rate in recent years. Together, saving and net inflow of foreign capital finance gross capital formation from which, at the second step, valuables, change in stocks, and discrepancies are deducted in order to arrive at nominal gross fixed capital formation rate. Their level, relative to GDP has also come down over time from a peak of 4.4 per cent in 2011-12 to 2.0 per cent in 2024-25.

Thus, on trend basis, the fall in the nominal saving rate has been partly compensated by increases in net inflow of foreign capital and partly by fall in valuables, change in stocks etc.

At the third step, where the nominal GFCF is converted to real GFCF, there is another beneficial effect that arises due to differential price deflators associated with GFCF and GDP.

It may be noted that the Centre has relied heavily on government capital expenditure to support growth in recent years. Growth in the Centre's capital expenditure averaged nearly 31.0 per cent during 2021-22 to 2023-24. It fell to 10.8 per cent in 2024-25.

However, there are signs of its revival as year-to-year growth in the months of March and April 2025 was 67.2 per cent and 61.0 per cent respectively. State government capital expenditure has also shown a rising trend. This reliance on government capital expenditure will have to be continued until private investment picks up. (*To be continued.*)

Rangarajan is Chairman, Madras School of Economics, former Chairman, Prime Minister's Economic Advisory Council and Former Governor, Reserve Bank of India; Srivastava is Honorary Professor, MSE and Member, Advisory Council to the Sixteenth Finance Commission

Source: The Hindu Business Line, Friday, 4 July 2025

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