Friday, November 06, 2020

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WEATHER

Fairly widespread rain may lash South Peninsula
North-East monsoon pulls itself together

Heavy to very heavy rain poured down over many parts of the South Peninsula during through Wednesday to Thursday morning with Tamil Nadu being the major beneficiary, followed by Kerala, Coastal and South Interior Karnataka and Rayalaseema.

Going forward, scattered to fairly widespread rainfall has been forecast over Tamil Nadu, Puducherry and Kerala during the next four days while it would be isolated to scattered over Coastal and South Interior Karnataka, Lakshadweep, Andhra Pradesh and Telangana.

Lone cyclonic circulation
Meanwhile, on Wednesday-Thursday, the proceedings were mainly anchored by a lone cyclonic circulation parked over the Gulf of Mannar (off South-East Tamil Nadu) and Sri Lanka jointly with a trough of low (a narrow corridor of low pressure) connecting the Comorin-Maldives area with the Karnataka coast.

Short to medium guidance from the India Meteorological Department (IMD) indicated the formation of circulation in next few days over extreme South-East Bay of Bengal (off Indonesia) and its movement towards the Sri Lankan and Kanyakumari.

More may be in the offing
These settings are vaguely similar to those three years ago when a weather system traversing the same track earned spurs all on a sudden and re-curved to North to cut an as-yet unchartered path and become the very severe cyclone Ockhi that ravaged the Lakshadweep and Kerala coasts.

But forecasts indicate no such development in the instant case with the circulation evading the land features and drifting safely out into the distance to weaken. But it would likely have pushed another wave of easterlies to trigger a likely low-pressure area in the Bay in next ten days.

Heavy rain in Tamil Nadu
Areas which recorded heavy to very rainfall (above 5 cm) until Thursday morning included (in Tamil Nadu): Dharapuram-17; Pilavakkal-16; Mulanur-13; Odanchatram-12; Usilampatti-11; Watrap, Coonoor and Gobichettipalayam- 9 each; Alandur-8; Rajapalayam, DGP Office (Chennai), Ettayapuram, Bodinaickanur, and Theni-7 each; Mettupalayam, Kangeyam, Tiruppur, Anna University (Chennai), and Avinasi-6 each; and Veerapandi, Aranmanaipudur, Kayathar, Coonoor, Virudhunagar, Aravakurichi, Vadipatti, MGR Nagar, and Uttamapalayam-5 each.

In Kerala, they are Myladumpara-6 cm; CIAL Kochi and Vellanikkara -5 each. In Andhra Pradesh, they are Sruingavaraopukota – 9; Tanuku-6, and Balajipeta-5. In Karnataka, only Dharmasthala recorded any significant rainfall measured at 3 cm during this period.

Source: The Hindu Business Line, Friday, November 6, 2020

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**Why sugar mills have to shun export subsidy crutches**

As the global sugar market awaits the Indian government's policy on sugar exports, millers are unwilling to export the produce without subsidy even as the international market rates make export affordable at this time.

Sugar traders point out that October 2019 sugar price in the international market was ₹1,900-1,950 per quintal. This year, it is priced at ₹2,650-2,750 per quintal.

“Sugar mills can easily afford to export sugar at the current international market rate. The current MSP of sugar stands at ₹3,100 per quintal but sugar mills are selling sugar at a lower price. Many mills are not getting much benefit even after selling sugar at MSP rate owing to the loan interests they have to pay,” sugar exporter Abhijeet Ghorpade told *BusinessLine*.

One of the sugar exporters, on the condition of anonymity, said: “At some point of time, the sugar industry has to stand on its own and compete in the world market. It cannot ask for crutches every season.” He added that the problem of surplus sugar could be solved only with maximum export.

Last year, the Cabinet Committee on Economic Affairs, chaired by Prime Minister Narendra Modi, gave its approval for providing a lump-sum export subsidy at ₹10,448 per Metric Tonne (MT) to sugar mills for 2019-20. The total estimated expenditure was pegged at ₹6,268 crore.

Indian Sugar Mills Association (ISMA) said that sugar availability in the last three years (2017-18 to 2019-20) of 364, 439 and 420 LT, respectively was very high against the domestic requirement of around 255 LT. Also, availability is expected to be high this season.

“If India is a structural surplus sugar producer, it needs to export regularly. High cane prices make Indian sugar uncompetitive, and always dependent on government subsidies on exports. With export subsidies not possible after 2023 (as per WTO), Indian cane pricing policy needs reforms urgently,” ISMA stated in its presentation made to Commission for Agricultural Costs and Prices (CACP) last month.

Brazil, Australia and Guatemala have complained against Indian sugar and sugarcane policies in WTO. To export surplus sugar, Indian sugar has to become globally competitive and for that, sugarcane pricing has to be rationalized and made reasonable, ISMA insists.

The Cabinet Committee had finalised Fair and Remunerative Price (FRP) sugarcane for 2020-21 season at ₹285 per quintal for a basic recovery rate of 10 per cent and a premium of ₹2.85 per quintal for every 0.1 per cent increase above 10 per cent in the recovery.

**High production cost**

Mills have complained that they are not in a position to pay higher FRP due to increasing production cost and fluctuating market prices. “It is a fact that most of the sugar mills are not even in a position to start their crushing season. Sugar sector has to survive as it provides livelihood to lakhs of people and many farmers are dependent on it,” said Ganpatrao Sawant, director of Sangli-based Vasantdada sugar mill.

*Source: The Hindu Business Line, Friday, November 6, 2020*

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Gujarat rabi sowing kicks-off on a strong note with focus on pulses, cane
Jeera sowing slows down due to lower returns; mustard gaining ground

Rabi sowing in Gujarat has kicked-off with farmers looking at a blooming season amid ample water availability following a good monsoon.

Initial reports from the ground suggest the sowing for pulses, mustard, sugarcane, coriander and wheat has started on a strong note as compared to other spices crops such as jeera (cumin seeds) or cereal crops.

The State Agriculture Department data revealed that overall by November 2, a total of 1.44 lakh hectares has been covered under rabi crops, which is about 300 per cent more than 33,860 hectares covered around the same time last year.

Most area is covered under pulses at 46,390 hectares of which gram is about 20,000 hectares. Pulses sowing was merely 6939 hectares around same time last year. Sugarcane sowing has started with 61,997 hectares as on November 2, as against 3,656 hectares reported around same time last year.

Mustard sowing has also gained momentum at the beginning of the season with area under cultivation at 6,835 hectares, as against 4,355 hectares reported last year. Irrigated wheat crop has covered 8,246 hectares so far.

Ample water supply
A farmer from Rajkot district, Ramesh Bhorania, said that rabi sowing has started on a strong note as there is ample water availability in the reservoirs and also due to excess rains damages were reported in many pockets. “So the land was vacant in such places. So we are seeing a strong start to rabi sowing with increased area,” he said.

However, jeera — one of the key rabi spices crops — looks to be going slow in the sowing. Farmers attributed a slowdown in jeera cultivation to lower realisation from the crop as compared to last year and increased moisture in the land, which has increased the risk of the jeera plants getting infected with diseases.

Last year the rabi sowing was delayed by over a month due to muddy soil following an unusually delayed withdrawal of monsoon and followed by the Maha cyclonic storm. Farmers, however, explained that while this year the monsoon withdrawal was delayed, but dry and bright sunny days in the later parts of October months brightened the prospects for rabi cultivation. Gujarat’s normal rabi sowing is estimated at 34.38 lakh hectares.

Source: The Hindu Business Line, Friday, November 6, 2020

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Huge section of farmers in Maharashtra see little reason to take crop insurance
Say their claims are hardly ever settled

Farmers in Maharashtra availing crop loans from banks but not buying insurance under Pradhan Mantri Fasal Bima Yojan (PMFBY) for Rabi season will have to mandatorily declare to the banks that they have opted out of the insurance cover, sources said.

Farmers are not buying insurance because they feel that buying a cover and paying insurance premium is a waste of money, sources said. According to the farmers in spite of their crops getting destroyed due to unfavourable weather or pest attacks their claims will never get settled. So they prefer to opt out of insurance cover, and save their money.

Industry sources said that in the kharif season about 60 lakh farmers availed of the PMFBY insurance, while in the rabi season about 30 lakh farmers are expected to sign up for the scheme. The kharif and rabi numbers add up to 90 lakh farmers, but the total number of farmers in Maharashtra is about 1.5 crore. That means, a large chunk of farmers are still not taking insurance cover or the insurance companies have not reached out to them.

Insurance companies, instead of reaching out far and wide into the rural hinterland, focus their efforts on those areas where they are confident of getting business. At times, farmers are also unaware of the fact that for every season they need to freshly enrol for the PMFBY scheme, sources said.

In a district such as Latur, there were 50,000 claims of crop damage due to untimely rains in September. But again their post-harvest crops got damaged by October 14 and 15 due to heavy rains. For such severe crop damage, the farmers are eligible to get up to 100 per cent of the sum assured.

However, there is such poor understanding of insurance products that after the September rains, the farmers in Latur did not file for fresh damage claims in October; the number of claims with insurance companies stood at a paltry 5,000, whereas these should have actually crossed 50,000.

Former Chairman of Maharashtra Agriculture Price Commission and farmer leader Pasha Patel said that those farmers who are not buying insurance are committing a mistake. Extreme weather events are increasing due to climate change. This negative mentality should change, he said.

At the time of going to press, the Agriculture Secretary of Maharashtra was not available for comments.

Source: The Hindu Business Line, Friday, November 6, 2020

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Hybrid rice: Corteva slowly making inroads into Bihar, Jharkhand; trains 90K woman farmers

Global agriculture firm Corteva Agriscience is slowly making inroads to push its hybrid paddy seeds and other products in Bihar and Jharkhand, where it has trained about 90,000 women pravaktas or village leaders on growing hybrids along with agronomic practices and post-transplantation care.

These rural women were growing inbred rice, a self-pollinated home-grown rice, in a traditional way. Now, they are trained to grow hybrid seeds even by using the Direct Seed Rice (DSR) technique. Now, they have become ambassadors of early adopters of the new technology and advocating the same in their villages to have a multiplier effect, thereby creating demand and market for hybrid seeds and crop protection products.

Corteva Agriscience Marketing Director (South Asia) Aruna Rachakonda told, "These woman farmers, after the training, have sown hybrid paddy seeds in about 10,000 acres in the current kharif season of 2020-21." In fact, there has been about 15-20 per cent rise in the acreage under hybrid paddy from the previous kharif season when the company first rolled out the training programme.

"We worked on two hybrid paddy seeds 27P37 and 27P31 in these two states (Bihar and Jharkhand). We have received good response," she said adding that Corteva had launched hybrid paddy seed 27P37 four years ago, while the other one seven years ago in India.

The company first made a technological intervention by introducing to women farmers hybrid paddy seeds, she said. She added that growing hybrids is different from inbred rice, as it requires training in proper transplantation technique, agronomical practices and post-transplantation care.

The second technological intervention was introducing them to the Direct Seed Rice (DSR) technique with hybrid seeds which is basically Corteva's technology, she said.

The Corteva's DSR technology has three components -- transplanting hybrids, weed management and sowing service. "DSR was introduced this kharif season to these women farmers.

It cannot be just broadcast but has to be sown in a certain way with the help of a machine." Further, Rachakonda said that about 20 per cent of 90,000 women farmers have now been trained in the DSR technology, which the company is promoting in a structured and sustainable format. "In India, we are promoting with a mechanical sowing machine, which is tractor mounted.

We specify how many seeds required for an acreage. "That's the training we give. If you train 100 farmers, 40 of them will not get it right in the first instance. It is quite a strenuous and structured training," she added. In Bihar and Jharkhand, woman farmers are being trained separately for a period of three years.

The company is holding similar training programmes in other rice-growing belts of Uttar Pradesh, Madhya Pradesh, Punjab and Haryana where both man and woman farmers are being trained. Rachakonda said these training programmes are part of the business strategy and the aim is to create an environment very much receptive of hybrid seeds and sell more weed control chemicals.

"There is a lot of cultural change that we need to bring to the farmers' mind. It does not happen with a blink of an eye. In one season, you will not find transformation," she said. Rachakonda added that besides the commercial interest, the company through these programmes wants to promote community development with a focus on "sustainability as a shared value".

Companies are vying for a huge potential market of hybrid seeds in India, which still cultivates inbred seeds in about 95 per cent of the country's total paddy area of around 45 million hectare. Inbred paddy seeds are self-pollinated seeds that can be saved and used for the next few years unlike hybrids.

Source: The Economic Times, Friday, November 6, 2020
Employment falls for first time in October since recovery began; festivals, kharif harvest fail to lift jobs

Though the fall in employment was small, its occurrence when demand for employment was rising has surprised the market.

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Employment in the month of October 2020 fell for the first time since May when the recovery began after the nationwide lockdown was imposed to arrest the spread of the coronavirus pandemic. The month witnessed a fall of 5.5 lakh in the number of people employed, said a report by the Centre for Monitoring Indian Economy (CMIE). Employment rose by 3.16 crore in May, 6.32 crore in June, 1.53 crore in July, and so on till September 2020. Though the fall in employment was small, its occurrence when demand for employment was rising has surprised the market. The count of the unemployed who were willing to work increased by 1.2 crore in October.

The three key labour market ratios — labour force participation rate, unemployment rate and employment rate — had shown a slightly worsening trend until the third week ending in October. Even though October was a festival month and a Kharif-crop harvest month, along with elections in a few states, these factors could not help in improving the employment landscape.

The labour participation rate fell 7.08 percentage points in April, which had recovered 5.04 percentage points between May and July. But, it has made a negligible further recovery in the last three months. India, therefore, still suffers a loss of nearly two percentage points in labour participation rates compared to pre-lockdown levels, CMIE added.

Labour participation rate stood at 40.66 per cent in October 2020, which was exactly what it was in September 2020. On the other hand, the unemployment rate rose to 7 per cent in the month, increasing from 6.7 per cent in September 2020. Adding to the woes, the employment rate also deteriorated in October. It fell from 38 per cent in September to 37.8 per cent in October. This is an outcome of a combination of a stagnant labour participation rate and an increase in the unemployment rate, CMIE underlined.

Meanwhile, the fourth week of October was a little better than the previous three weeks and the labour participation rate increased smartly. Also, the week ended November 1 saw a comparatively healthier employment rate. These improvements in the two most recent weeks moderated the impact of the initially declining trend on October’s labour data, however, they did not change the overall results of the month too much. The PMI report on services and manufacturing sectors, released by IHS Markit, also showed that the employment fell in the month of October despite a rise in economic activity.

Source: Financial Express, Friday, November 06, 2020

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Economy will be back to pre-Covid levels by FY22-end: C Rangarajan

He was speaking at a virtual event SICCI-360° conducted by the South India Chamber of Commerce and Industries

Former RBI Governor C Rangarajan today said the economy will be back to the pre-covid levels by the end of 2021-22 and that the signs of economic recovery are already visible after multiple phases of unlocking across the country.

“As you lift the lockdown, I expect the economic activity will pick up. There are already indications of economy picking up in the form of GST collections, electricity consumption,” Rangarajan said, adding, “Therefore, the second half of 2021, i.e., from September-March could see a pickup in economic activity.”

He was speaking at a virtual event SICCI-360° conducted by the South India Chamber of Commerce and Industries (SICCI), moderated by the Chamber president Ar Rm Arun.

Rangarajan, however, added that the pickup in economic activity in the second half of 2021-22 will not be adequate enough to compensate for the loss that happened in the first half of this year.

“As you all remember, the deteriorating growth rate in the first quarter was almost 23 per cent which is a huge decline in output. Growth may be negative in the second quarter as well but much less than the first quarter,” the former Chairman, Economic Advisory Council to the Prime Minister said.

“The positive signs may be there in the third and fourth quarter if there is no second wave of coronavirus and if we are able to control the spread of the virus,” he added.

He also said that the second half of 2020-21 will pick up while 2021-22 should be reasonably strong growth which will take the economy back to pre-covid levels.

On the need for government spending, Rangarajan said that the emphasis in India is much more to provide vulnerable groups with available resources.

“Apart from supporting the vulnerable groups, in my opinion, a strong program of capital expenditure by the government is perhaps the right thing to do because when capital expenditure increases then through the backward and forward linkages, there is an additional demand that is being created,” Rangarajan said.

Source: The Hindu Business Line, Friday, November 6, 2020

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## FOREIGN EXCHANGE RATES – Thursday, November 5, 2020

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