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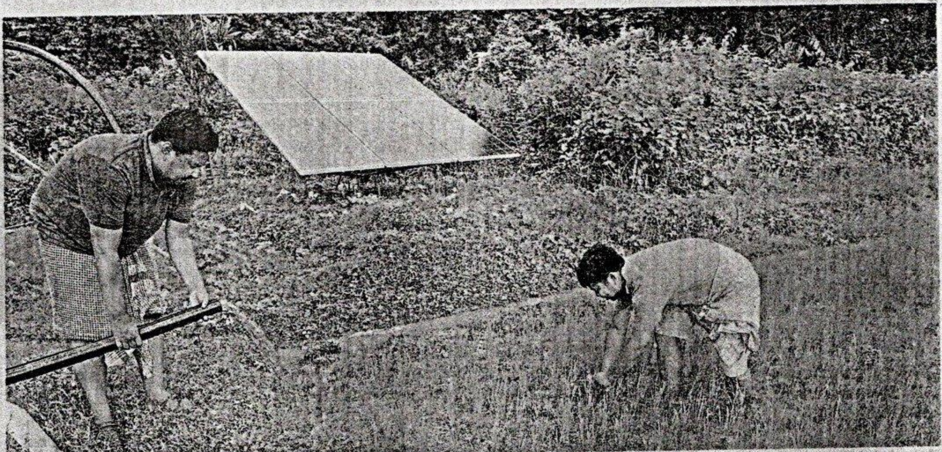
Maharashtra's big agri-solar push

GOING GREEN. The State's solar agriculture feeder policy can clean up Discom finances, benefit farmers and create jobs

ASHWIN GAMBHIR
SHANTANU DIXIT
SHWETA KULKARNI



RENEWABLE THRUST. The State has taken many proactive measures complemented by Centre's initiatives RITU RAJ KONWAR

On March 7, the Maharashtra government formally issued 'Letters of Award' to 95 project developers for a staggering 9,000 MW of 'shovel ready' distributed solar capacity dedicated to supplying reliable day-time electricity supply to agriculture.

This is the largest aggregated project in terms of distributed solar capacity in India and possibly anywhere in the world. This is a programme aimed at deploying solar capacity, of 2 to 10 MW, at the distribution substations that predominantly supply to agriculture. Due to enormous preparatory work done before the award of LoAs, this capacity is expected to be commissioned in the next 18 months, by mid-2025.

While this Mukhyamantri Saur Krushi Vahini Yojana (MSKVY) (Chief Ministers Solar Agriculture Feeder Policy) was initially launched in 2017, only about 600 MW of solar capacity has been installed till date.

MSKVY is also analogous to and part of PM-KUSUM component C launched by the Centre in 2019. To give impetus to the pace and scale of solar capacity addition for agriculture, the Maharashtra government launched a substantially revamped MSKVY 2.0 and Mission 2025 in early 2023.

Beyond the ambitious target setting, the real success of the MSKVY 2.0 lies in the preparatory work done by the energy department and energy companies in the State. This involved consultations with all the important stakeholders in the sector to understand what challenges and practical problems were preventing developers from deploying solar capacity under this erstwhile scheme.

This resulted in Mission 2025 and MSKVY 2.0 providing an attractive incentive structure and support to all stakeholders. This included financial support of ₹0.15-0.25/kWh for three years for the developers, a grant to MSEDCL of up to ₹25 lakh/substation for ensuring reliable project connectivity, a social benefit grant of ₹5 lakh/year for three years to Gram Panchayats where such projects will be deployed and finally the creation of a revolving fund of ₹700 crore to ensure timely payment to solar developers.

CENTRAL SUPPORT

Being part of PM-KUSUM, central financial assistance of about ₹1 crore/MW is also being provided to developers.

Apart from this financial support, the Maharashtra government established a single window clearance portal (through Maharashtra Energy Development Agency) and IT Dashboard for project monitoring. Over 20 clearances for each project were issued even before project tendering.

Crucially, and possibly most important was the support given by the Maharashtra government in terms of identification and aggregation of Government and private land parcels within 5/10 km radius of sub-stations and further availing NOCs for identified land parcels and connectivity permissions to fasten implementation. This was only possible due to the leadership of the Energy Department and the active involvement of all District Collectors. It bolstered the confidence of the developers in participating in the competitive bids.

Maharashtra's milestone initiative can serve as a template for other States to emulate in pushing green energy and helping farmers

This work on land identification and availability among other aspects of the MSKVY 2.0 model was duly appreciated by the Central Govt/MNRE and elements of it are incorporated in the modified PM-KUSUM guidelines.

Based on this framework, tenders, both in project and cluster mode were issued in the past few months, which finally resulted in the 9,000 MW of projects awarded. The successful conclusion of this tendering process reflects the meticulous planning underpinning this initiative, thanks to the State's Energy Department, the Discoms and support provided by research groups (such as Prayas (Energy Group) and consulting agencies like Idam Infrastructure, SBI Caps and CAM).

This 9000 MW capacity will be deployed in a distributed manner across the State covering 1,368 sub-stations and 5,293 agriculture feeders (about 50 per cent of total AG feeders).

On March 5, the State regulatory commission adopted the tariff for 7,783 MW capacity and the winning bids range from ₹2.9-3.1/kWh.

Similar or slightly lower winning bids were received for the balance capacity as well. This capacity is likely to generate 15 BU/year and save nearly ₹2.5/kWh (avg. Power Purchase Cost of ₹5.54/kWh – avg. winning tariff of about ₹3.06/kWh) resulting in a nominal power purchase cost saving of ₹1-lakh crore over the 25-year PPA period.

SUBSIDY FACTOR

This will go a long way in reducing the subsidy and cross-subsidy burden of the Maharashtra government and MSEDCL respectively. The State will receive investments of nearly ₹36,000 crore resulting in 25,000 jobs distributed across the State.

The distributed nature of projects connected close to consumption points will further reduce transmission losses and the solar energy thus generated will get counted towards the State's RPO requirement and in turn reduce annual CO_2 emissions of 12.5 million tonnes of CO_2. This represents not only a significant milestone for Maharashtra but also for India in addressing Discom finances while simultaneously increasing the share of clean energy at economical rates and for the benefit of farmers.

The collective efforts of States will be crucial in embracing distributed renewable energy as one of the means of addressing the vexed issue of Discoms financial health.

The writers are with Prayas (Energy Group)

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Poor procurement main reason for farmers' crisis

A Narayanamoorthy

As farmers continue to agitate over the issue of minimum support price (MSP), let us try to unpack the issues involved. There are two issues here: the level of MSP, and the amount procured at that price. The second lies at the heart of the problem.

The MSP is presently offered for 23 crops. Historically, the MSPs are determined based on factors such as cost of cultivation, input prices, supply and demand of crops, the price level in world markets, among other parameters.

The MSPs were fixed based on cost A2+FL formula till 2018. While the cost C2 includes all the expenses incurred for crop cultivation, the A2 covers only the cost that the farmer spends out of his pocket for cultivation. That is, the cost A2+FL (family labour) does not take into account the fixed investment made on farm machinery/irrigation infrastructures, the interest on loans, etc. Therefore, the gap between C2 and A2+FL cost now comes to 30-40 per cent for most mandated crops.

Farmers in most States could not harvest any profit from crop husbandry due to A2+FL pricing formula. They have been demanding MSPs that cover the full cost of production. In the meantime, MS Swaminathan headed Farmers Commission (2006) recommended that MSPs for crops should be fixed at 50 per cent over and above the cost of production.

The Centre made a historic announcement in its Budget 2018-19 that the MSPs will be fixed at least one and half times the cost of production. However, even after the unprecedented rise in MSPs since then, farmers allege that the income from crop cultivation is inadequate. This is because of poor procurement of crops.

SKEWED PROCUREMENT

Procurement of crops has been poor over the years except for paddy and wheat. Even in paddy and wheat where impressive procurement has taken place since the early 1970s, not all States/farmers have benefited from such procurement.

In 2021-22, about 22 per cent of paddy and 31 per cent of wheat were procured from Punjab alone. That is, about 53 per cent of money spent on account of procurement of paddy and wheat has gone to Punjab alone. Can this skewed procurement help other States' farmers?

FAMER WELFARE. Step up procurement KAMAL NARANG

In 2021-22, Punjab's share in India's paddy production was only 9.89 per cent, but its share in the procurement was 21.79 per cent. West Bengal accounted for 12.87 per cent of India's paddy production, but its share in the procurement was only 4.17 per cent. Similarly, Tamil Nadu accounted for 6.19 per cent of paddy production, but its share was only 3.26 per cent of the procurement.

This means that the paddy-growing farmers in most States may have sold their crops below the MSP to private traders. This is also reinforced by the data of the Situation Assessment Survey (SAS) of farmers in 2018-19 which underlined that only about 17 per cent of farmer households sold paddy to procurement agencies. If we settle the issue of procurement of crops linking it with its production in each State, most issues concerning MSP will go away.

The issue of 'legalising MSP' arises mainly because of the continuous exploitation of middlemen and private traders in the market. Often farmers do not get even 70 per cent of MSP for their produce from the private traders. The data published by CACP shows that the market prices rule below the MSP for most mandated crops most of the time. Therefore, the government should bring an Act disallowing private traders/agencies to buy any crop below the MSP.

As per the SAS data of 2018-19, the percentage of farmer households who sold their crops to procurement agency is only around 5 per cent in most crops (17 per cent for paddy). With this low procurement, how can the farmers avail MSP? If arrangements are made to procure 20-25 per cent of the production of all mandated crops, it will increase the market prices, benefiting all farmers.

The writer is former full-time Member (Official), Commission for Agricultural Costs and Prices, New Delhi. Views expressed are personal

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Global agencies peg India's wheat crop at 110 mt

Prabhudatta Mishra
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New Delhi/Chennai

At least three global agencies have estimated India's wheat production in the 2023-24 crop year around 110 million tonnes(mt), which is 2 mt lower than the Ministry of Agriculture and Farmers' Welfare projection of a record 112.02 mt.

Global research agency BMI, a unit of Fitch Solutions, said it was pegging the Indian wheat crop at 110 mt. The US Department of Agriculture (USDA) has estimated it at 110.6 mt, while the Food and Agriculture Organisation's Agricultural Market Information System (AMIS) also projected it at the same level. Last year, the production was put at 110.55 mt by the Ministry and 107.7 mt by others. BMI pegged it at 104 mt. The trade and industry are optimistic about a bumper harvest, though they see it being lower than 110 mt.

"While India's wheat crop maintains a minimal exposure to current drought conditions in southern States, including Karnataka, above-average rainfall in Uttar Pradesh and other major wheat-producing States through the first two weeks of March 2024, does pose a downside risk to our projected harvest volume," BMI said in a report.

"In India, conditions are favourable with an increase in total sown area compared to last year," said AMIS.

After an estimated 1.1 per cent y-o-y decline in 2022-23, domestic wheat consumption in India will grow by 2.5 per cent to 111.4 mt (y-o-y) in

2023-24. "As a result, we anticipate the generation of a third consecutive wheat production deficit during the season, although somewhat narrower than the 4.7 mt shortfall that resulted from the 2022-23 season, BMI said.

"While there is an overall consensus about higher production of wheat from last year, the problem lies with the government estimate of 110.55 mt pegged for 2022-23. No one believed that estimate of last year and the market price as well as demand for the wheat sold in open market by the Food Corporation of India (FCI) proved that the apprehension was not unfounded," said SK Singh, an agriculture economist.

Besides, the data collected by the government through the stock declaration rules also proved that there was hardly adequate grain in the market, Singh said.

PURCHASE CHALLENGES

According to Rahul Chauhan of I-Grain, wheat production is seen to be around 100 mt this year (July-June crop year) against 95-95.5 mt in the previous year.

"Weather in all parts of wheat producing states is very much favourable for wheat. In Rajasthan and western Uttar Pradesh, temperature during day time has started increasing. Still, a conducive weather this season may help in increasing productivity of wheat, which may be a big relief for the government," Chauhan said. But the challenge will be how to procure wheat as prices are above the minimum support price (MSP) of Rs 2275/quintal in all the states, he added.

However, a flour miller buying wheat from mandis in Madhya Pradesh said the crop is available at ₹2,250-2,300/quintal in MP as the government procurement is yet to gain momentum.

PROCUREMENT BEGINS

Roller Flour Millers Federation of India President Pramod Kumar said the agency hired by the industry body has pegged the production higher at 102-104 mt for this year, which is almost at par with the previous year.

But a senior Agriculture Ministry official said that the government is confident of a record harvest of wheat and in the next estimate there may be an upward revision of its production number from current 112.02 mt.

The FCI, which sold record 10 mt of wheat from official reserves in open market through auction and retail sales between June 28 and February 28 this fiscal, has started procurement in Rajasthan and Punjab. Though it is ready to buy the grain in UP, too, wheat arrival is yet to start in the State, sources said.

Official data show that wheat procurement reached 983 tonnes as of March 18, whereas there was no purchases in the year-ago period.

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Dhanuka to use KVK's land for tech demos, signs MoU with ICAR

Our Bureau
New Delhi

Dhanuka Agritech has, for the first time, signed an MoU with ICAR, under which it will use KVK's land in different parts of the country for demonstration of new technologies in three key areas — seeds, nutrients and agrochemicals.

"Indian Council of Agricultural Research (ICAR) has signed an initial pact with agro-chemical firm Dhanuka Agritech for providing new technology to farmers and also promoting natural farming," the agriculture ministry said in a statement.

The Memorandum of Understanding (MoU) was signed on March 19 by US Gautam, ICAR's Deputy Director General (Agricultural Extension) and RG Aggarwal, Chairman of Dhanuka Agritech, it said.

CLIMATE CHANGE

The objective of this agreement is to utilise the efficiency of both institutions to deliver new technology to farmers, Gautam said adding there are more than 14.5 crore farmers across the country, of which most of them have small land holdings. Dhanuka Agritech will provide training related to agricultural production to these small farmers by associating with the central institutes, ATARIs (Agricultural Technology Application Research Institute) and KVKs (Krishi Vigyan Kendras).

Gautam also said that amid the whole world currently facing the challenges of climate change, there is a need for both institutions to work together on a new method of agricultural production which is climate-friendly.

The aim of this MoU is to promote natural farming in the changing environment, he added.

Aggarwal said the company will provide advisory service and train farmers in collaboration with ICAR-ATARI and KVKs.

Speaking to *businessline*, Aggarwal said that Dhanuka has already been conducting awareness programmes among the farmers and has already signed MOU with about 15 State agriculture universities.

"ICAR has about 700 KVKs, which, in turn, have earmarked land for demonstration purpose. We will do comparative demonstration in two adjacent fields to showcase the efficacy of new technologies as seeing is believing and farmers will be able to differentiate the change. In one field the conventional technology that farmers have been using will be used while in the other field all new technologies will be applied," Aggarwal said.

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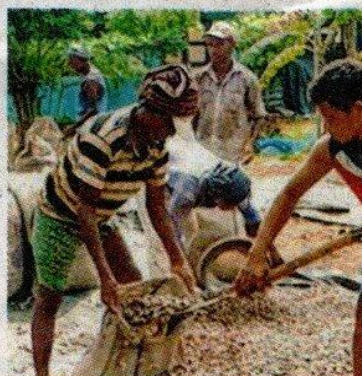
Walmart Foundation's $1.5-m grant to support resilient farming in UP, Karnataka

Our Bureau
Bengaluru

SM Sehgal Foundation has announced the extension of its project 'Bolstering Farmer Producer Organizations' in Uttar Pradesh and Karnataka. Initiated in 2023 for two years with a philanthropic grant of $1.5 million from the Walmart Foundation, this next phase will reach 23 Farmer Producer Organisations (FPOs) with 23,000 members with an aim to enhance the capacities of FPOs, promote climate-resilient practices and develop infrastructure that adds value to crop production.

"We are excited to support SM Sehgal Foundation for the second phase of the 'Bolstering FPOs project. We believe strengthening FPOs can enable more opportunities for smallholder farmers in India with capacity building at the core. Additionally, developing transparent structures, designing and implementing business models and establishing collaborations will help ensure more sustainable operations and outcomes," Julie Gehrki, chief operating officer, Walmart Foundation, said in a statement.



INITIAL PHASE

The initial phase of the 'Bolstering Farmer Producer Organizations' project spanned from 2021 to 2023 and impacted 10 FPOs, strengthened 8,000 existing members, added 2,000 new members and ensured one-third representation of women in leadership roles.

Approximately 2,500 women gained essential knowledge and skills development, with 40-45 per cent actively participating in project activities at the FPO level. The project's reach extended to over 30,000 beneficiaries.

The forthcoming phase aims to build upon this foundation, with a strategic focus on preparing these FPOs for market engagement through a series of targeted initiatives. This will involve advanced training and support, ensuring the FPOs are not only self-sufficient but also market-ready and equipped to meet the dynamic demands of the agricultural sector.

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Vibaantta Global acquires US-based BGE Global Distribution

Our Bureau
Mangaluru

Vibaantta Global Pvt Ltd, a producer and exporter of agro commodities, has acquired BGE Global Distribution Inc, a Florida-based company specialising in the distribution of food-based commodities, particularly refined sugar sourced from Brazil and other South American countries.

A media statement said the acquisition is aimed at strengthening Vibaantta's capabilities in sourcing and supplying sugar to its clients, particularly in Africa, where there is a growing demand for food commodities.

NEW AVENUES

Paras Sachdev, Director of Vibaantta Global Pvt Ltd, said in the statement that

The acquisition opens up new avenues for Vibaantta Global Pvt Ltd to penetrate the US and Canada

the acquisition "aligns perfectly with our strategic objectives of expanding our product offerings and diversifying our market reach. With their expertise in sugar sourcing and distribution, we believe that this partnership will enable us to better serve our clients and further strengthen our position in the global market."

The acquisition opens up new avenues for Vibaantta Global Pvt Ltd to penetrate the US and Canada markets. Leveraging BGE Global Distribution Inc's network and market presence in the US, Vibaantta aims to introduce its rice products to consumers in North America.

"This partnership not only allows us to enhance our sugar supply chain capabilities but also provides us with a gateway to enter the lucrative US and Canada markets for our rice products. We are confident that the combined strengths of Vibaantta Global Pvt Ltd and BGE Global Distribution Inc will drive growth and create value for our customers and stakeholders," Sachdev said.

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Indian growers begin reaping flavours of global cocoa price surge

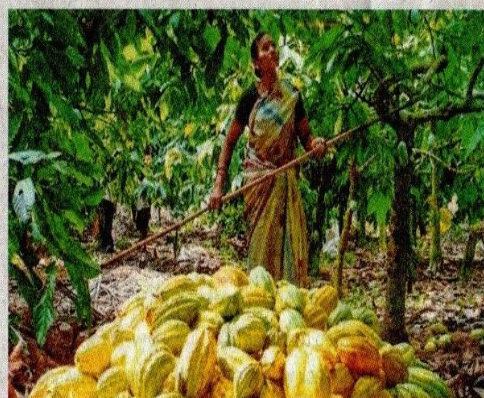
With prices nearly doubling, they are getting 3x rates for beans on lower world production

Subramani Ra Mancombu
AJ Vinayak
Chennai/Mangaluru

Indian cocoa growers are reaping the benefits of a surge in global cocoa prices, which have nearly doubled since the beginning of this year leaving consumers worried over the price they have to pay for their favourite chocolates.

The price rise in the global market has led research agency BMI, a unit of Fitch Solutions, to raise its 2024 average price forecast for ICE-listed second-month cocoa futures contracts from $3,750 per tonne to $6,000 — a 60 per cent increase.

On Wednesday, cocoa July futures in London were quoted at £6,061 a tonne ($7,692). Prices have declined from the record £6,332 witnessed a couple of sessions ago. For cash, the beans are available at $8,080 a tonne.



MELTDOWN MOMENT. The major reason for cocoa's historic bull run is a drop in production, particularly in top producers Ivory Coast and Ghana.

The major reason for cocoa's historic bull run is a drop in production, particularly in CoteD'Ivorie (Ivory Coast), where supplies are likely to be 30 per cent lower, and Ghana.

Output to drop 10%

Krishnakumar HM, Managing Director of Central Arecanut and Cocoa Marketing and Processing Cooperative (Campco) Ltd, a grower co-operative, told *businessline* that climate change, El Nino impact and a viral disease related to the cocoa root led to plant destruction in some parts of the globe.

"We expect that global cocoa production will fall by 10.8 per cent year-on-year in 2023-24, from 5 million tonnes (mt) in 2022-23 to 4.46 mt. This decrease is the main factor behind the increased pressure on cocoa prices and we expect this to persist through H124 and into H224," BMI said.

The International Cocoa Organization has projected that the global 2023-24 cocoa deficit would widen sharply to 374,000 tonnes from 74,000 tonnes in 2022-23, largely due to unfavourable growing conditions and crop disease.

The global trend has, on the other hand, helped Indian growers. Krishnakumar said. Cocoa growers are getting around ₹160-175 a kg for wet cocoa beans. It was around ₹55 a kg during the same period a year ago. "Dry cocoa beans are being purchased at ₹560-600 a kg. This was at around ₹220 a kg a year ago," he said.

According to GVSR Prasad, a farmer who grows cocoa as an inter-crop with coconut at Tadikalapudi village in Andhra Pradesh's West Godavari district, growers in his State are getting ₹650 a kg for dry cocoa beans against ₹220 a year ago.

'FIELD YEAR'

Nitin Chordia, India's first chocolate taster who runs Cocoshala — a training-cum-incubation centre for small chocolate makers, said cocoa growers have been having a "field year" with prices rising vertically. "This has never happened before and the higher prices come at a time without any increase in input costs," he said.

"Farmers are getting at least 90 per cent of the market prices. It is good money," said Devabhaktuni Durga Prasad, Managing Director of Hyderabad-based DP Cocoa Products Pvt Ltd.