Redflag Indicators...for the week ending on 31st March 2025

*Sugar production falls 18% as most mills close crushing season early

This year's net sugar production is expected to be 259 lt, which is 19 per cent lower than 319 lt produced in the entire 2023-24 season (October-September), according to the National Federation of Cooperative Sugar Factories (NFCSF).With a 6-lakh tonne reduced production in the second fortnight from the previous fortnight, sugar output in the first six months of the current season that began October 1, 2024, has reached 248.5 lakh tonnes (lt), which is 18 per cent lower than 302.5 lt in the year-ago period, according to data compiled by the cooperative federation NFCSF.As many as 234 mills closed crushing operation in March, taking the total mills that ended the season early to 420, as against 331 factories during October-March of 2023-24 season. There are 113 mills operation as of March 31, as against 204 factories in the year-ago period, according to the National Federation of Cooperative Sugar Factories (NFCSF). Everyone is now eagerly watching the sugar number in India and hopefully there will be close scrutiny of the estimates for 2025-26 season by all stakeholders, the expert added. The sugar production when compared with year-ago, the fall was 8 per cent until January 31 and widened to 12 per cent until February 15 and the drop has been increasing by almost 2 per cent every fortnight – 14 per cent until February 28, 16 per cent until March 15 and now 18 per cent. This year's net sugar production is expected to be 259 lt, which is 19 per cent lower than 319 lt produced in the entire 2023-24 season (October-September), according to the National Federation of Cooperative Sugar Factories (NFCSF).Sharing the latest update, the federation said that as much as 2,653.26 lt of sugarcane has been crushed across the country till March 31, as against 2981.04 lt in the year-ago period. The average sugar recovery (excluding diversion for production of ethanol) in the country has been 9.37 per cent, down from 10.15 per cent year-ago. According to NFCSF, Uttar Pradesh has reported 904.12 lt of sugarcane crushed with a sugar output of 87.70 lt at 9.7 per cent recovery, as against 921.33 lt of sugarcane, 97.20 lt and 10.55 per cent recovery year-ago. So far, Maharashtra has seen closure of crushing in 194 factories and only 6 units are in operation as of now. The state has reported 843.16 lt of sugarcane has been crushed, with an average recovery of 9.50 per cent and sugar production reaching at 80.10 lt.Out of 79 factories in Karnataka that started operation this year, the crushing season of 75 factories has ended, and 469.41 lt of sugarcane has been crushed, with an average recovery of 8.5 per cent, resulting in a net sugar production of 39.90 lt. Uttar Pradesh, Maharashtra and Karnataka are the top three sugar producers having 84 per cent share in total of the sweetener produced in the country, so far.

*Kerala's black pepper output drops 25% in a decade on pests, floods

Kerala's black pepper production has registered a significant decline, with the estimated yield falling by 8-10 per cent, according to Ministery of State for Agriculture and Farmers Welfare. The area under pepper cultivation in the State dropped 15 per cent from 85,431 hectares in 2014- 15 to 72,669 hectares in 2023-24. This was reflected in a 25 per cent drop in production, which fell from 40,690 tonnes to 30,798 tonnes. The slump to pests and diseases such as foot rot that posed significant challenges in black pepper cultivation. The unprecedented floods during 2018 and 2019 also affected black pepper. The floods occurred at a time when the price of the commodity was ruling low. This led to a lack of interest among farmers in the crop, resulting in poor management and low yields. The low prices continued in the subsequent years till 2021-22, thus causing a decline in the area under black pepper. Besides, the lack of sufficient soil and moisture conservation measures resulted in the deterioration of soil nutrition and moisture. Fluctuation in pepper prices and incursion by other lucrative crops with better prices also added to the problem.The pepper exports have shown a fluctuating trend, mainly influenced by the availability of pepper in other producing countries and the price of Indian black pepper. The price of Indian black pepper is higher compared to that in other producing countries and finds its niche market where the Indian produce, by virtue of its quality, is preferred over the produce of other countries.

*India seizes Chinese garlic despite ban on its imports

Despite a ban on importing Chinese garlic due to the discovery of certain harmful fungi in the imported consignments, India continues to get Chinese garlic, as indicated by the latest data on seized consignments. Considering this, the government has directed the agencies concerned to take necessary measures to stop the illegal import of Chinese garlic into the country. As many as 507 tonnes of Chinese garlic was been seized in the country during the 2024-25 fiscal. The government has imposed ban on import of Chinese garlic from September 6, 2005, due to the repeated discovery of certain harmful fungus such as Embellisia alli and Urocytsis cepulae in garlic consignments imported from China. The Central Board of Indirect Taxes and Customs (CBIC) has reported that Customs field formations and Directorate of Revenue Intelligence (DRI) seized 546 tonnes of Chinese garlic during 2023-24 .Food Safety and Standards Authority of India (FSSAI) has also received a complaint regarding sale of Chinese garlic in Chennai markets. All Plant Quarantine Stations under Department of Agriculture and Farmers' Welfare have been directed to take necessary measures to stop illegal import of Chinese garlic into the country .The import of agricultural commodities is regulated through the Plant Quarantine (Regulation of Import into India) Order 2003, and commodities are allowed for import after detailed pest risk analysis conducted by Directorate of Plant Protection Quarantine and Storage (DPPQ&S),

Faridabad, and accordingly pest mitigation measures adopted by exporting countries. Central government agencies such as Plant Quarantine Stations, CBIC and DRI inspect the import of commodities and their mode of entry and take necessary action against the defaulters as per the provisions of Plant Quarantine Order 2003, and Customs Act 1962.

***India's cotton area may see a dip in 2025-26 as farmers seen shifting to pulses, oilseeds**

India's cotton acreage for market year (MY) 2025-26 is seen lower at 11.4 million hectares, a three per cent decrease from the previous year due to the unexpected shift of planted area to higher return crops such as pulses and oilseeds, according to the forecast by USDA India Post. Cotton acreage for MY 2024-25 was 11.8 m ha. However, production is seen at 25 million bales of 480 pounds each similar to the current year on higher yields. Based on the expectation of a normal monsoon season, the USDA Post has forecast an average yield of 477 kilograms per hectare for MY 2025/26, a three percent increase from the official MY 2024/25 estimate of 461 kilograms per hectare due to production in regions with adequate irrigation facilities and water availability. The USDA Post said the planted area in Punjab is forecast to remain steady, with reductions in Haryana by five percent due to a shift to paddy rice planting. Yields in both states are expected to be marginally lower as farmers divert water to other crops. The area planted in Rajasthan is expected to be down two percent from the previous year, as farmers are seen shifting area to crops such as guar, maize and pulses (mung) due to anticipated higher prices. However, better pest management practices will likely support higher yields, it said. The acreage in Gujarat, the largest producing state, is expected down three percent from last year on shifts to pulses, groundnut, cumin and sesamum. Although current domestic farmgate prices for cotton have seen lower decline than other commodities, its cost of production remains significantly higher, it said. In addition to the shorter growing duration, strong government support, and export demand makes pulses and groundnut a preferred crop this season in Gujarat .In Maharashtra, area planted is expected to remain the same as last year as farmers were dissatisfied with the low soybean prices in the current season so they may consider diversifying to pigeon pea (tur) and maize due to better profitability. Madhya Pradesh is forecasted to go down five percent, as farmers shift to oilseeds and pulses. In the South, the strong government incentive schemes for ethanol production may prompt farmers to shift area from cotton to maize and rice in the southern states of Telangana, Karnataka, Andhra Pradesh, and Tamil Nadu, resulting in an estimated decrease of seven percent as compared to last year. The USDA Post estimates MY 2025/26 mill consumption at 25.7 million bales of 480 pounds, about 0.8 per cent higher than last year, as yarn and textiles demand remains steady in major international markets. Exports for MY 2025/26 are forecast at 1.5 million (480-lb) bales, seven percent higher than last year on large carryover stocks. A continuing depreciation of the rupee could provide opportunities for greater cotton and cotton product exports. Cotton imports for MY 2025/26 are forecast at 2.5 million bales, four percent lower than last year. Indian mills will continue to rely on imports to supplement insufficient domestic supplies of machine-picked contamination free fiber. Further, the USDA Post estimates an increase in consumption of Extra Long Staple (ELS) cotton on improved international market demand in MY 2025/26. Mills rely on imported supplies, primarily from US, to meet consumption needs. The United States, Egypt, and Israel are the major suppliers of the ELS variety, and imports from the United States maintain an average 50 percent market share of total imports. More than 47 percent of US exports to India by value is ELS cotton, and 90 per cent of the imported US fiber is re-exported in the form of contamination free yarn and fabric. In India, ELS cotton is grown in about 2 lakh ha in Central and Southern India, primarily under the DCH-32 and MCU-5 hybrids. Production increases remain challenging due to low yields, higher production costs, and increased susceptibility to sucking pests and bollworms

*Indian seafood exports to feel the heat on US reciprocal tariffs

The reciprocal tariff announced by the US President Donald Trump will have an impact on Indian seafood exports to the US markets, according to the Seafood Exporters Association of India. Indian exports will have tariffs of 27 per cent, while other countries such as Ecuador will have 10 per cent, Vietnam 46 per cent and Indonesia 32 per cent. This gives a huge advantage to Ecuador and the sector foresees Ecuador replacing India as the largest supplier of shrimps to US. The emerging situation might also lead to lesser supply from Ecuador to China. Currently close to 60 per cent of Ecuador production goes to China. However, this presents an opportunity for seafood exporters from India. Moreover, the situation may also lead to an increase in shrimp prices globally .Since the higher tariffs come into effect from April 9, all goods that reach the USA from this date will face this. Since export orders are on delivery at doorstep basis, the impact of tariff will have to be borne by exporters for goods in transit. This will pose a huge additional burden on shippers .The US is the largest export market for Indian shrimps with a share of 34 per cent out of the total export turnover of seafood. India's seafood exports to the US in 2023-24 were $2,550 million. Of late, the sector has been facing many difficulties with regard to market access to the US as there has already been a 5.77 per cent countervailing duty imposed by the US department of Commerce on all shrimp exports. The US also initiated an investigation for levy of antidumping duty as well .The association had also sought to waive the 30 per cent customs duty imposed on shrimp imports from the US in order to protect the Indian seafood industry from levying reciprocal tariff. All shrimp exporting countries such as Ecuador, Vietnam and Indonesia are also facing higher tariffs. India will shift its market to China, Europe and the Middle East, he said, adding that the shrimp imports of the US are valued at ₹22,000 crore.

*Trump tariffs: Indian cashew set to gain in US as Vietnam faces higher duty

The 26 per cent Trump tariff is expected to make Indian cashew more competitive in the US market in the short term, but exporters anticipate increased competition in the long run from African producers, who face a lower duty. All India Cashew Association, said the US has levied a tariff of 46 per cent on Vietnam, while it has levied 26 per cent on India. As a result, Indian cashew will be 20 per cent cheaper compared to that of Vietnam in the US. About 90 per cent of the US cashew imports come from Vietnam, while India's share is very small .US consumes around 1.5 lakh tonnes of cashew, of which Vietnam's share is 1.3 lakh tonnes, while India's share is around 7,000-8,000 tonnes. Indian cashew exporters have been facing stiff competition Vietnam in the global markets in the recent years as a result of which the exports have been on a decline .India's cashew exports in value terms had touched a seven year low at $339.21 million for the financial year 2023-24, a decline of around 4.8 per cent over previous year's $356.32 million. In the April-Feb period of FY 2024-25, India's cashew exports stood at $313.32 million, up 1 per cent over corresponding previous year's $310.25 million. The new US tariffs at 26 per cent augurs well for the Indian cashew industry to capture a substantial share of the US cashew kernel market from Vietnam. The 46 per cent tariff on Vietnam will create a considerable competitive disadvantage to that country which holds approximately 98 per cent of the total value of cashew imports into the US from Asia. However, India should review and expand its existing cashew processing capacities and look into strategic sourcing of raw cashew nuts from African nations. The primary cashew production centres include Vietnam, India, Brazil, and Côte d'Ivoire. Brazil retains its existing 10 per cent tariff and it will maintain its current market position. The 46 per cent tariff on Vietnam will create a considerable competitive disadvantage, while Cambodia endures a 49 per cent tariff which will make exports to the US very difficult. Côte d'Ivoire faces a 21 per cent tariff and it will be difficult for them to compete. The US has historically been one of the top importers of Indian cashew kernels. However, Vietnam set a record by exporting nearly 192,200 tonnes of cashew kernels to the US, valued at over $1.15 billion in 2024.

*Mandi prices of pulses and oilseeds fall below MSP

Mandi prices of most varieties of pulses and oilseeds are ruling below the respective minimum support prices (MSPs), forcing the government to ramp up the purchases of these items at respective minimum support prices (MSPs).Encouraging crop prospects and liberal imports are the reasons behind the fall in market prices, according to trade sources.

At Latur (Maharashtra), mandi prices of tur was in the range of Rs 6800/quintal to Rs 7400/quintal against the MSP of Rs 7550/quintal for 2024-25 season. In the last two years tur farmers have been getting around 35% more prices than MSP because of lower output prospects. The government agencies – Nafed and NCCF – have purchased 0.24 LMT of tur so far from farmers against the target of 1 million tonne (MT)

Similarly in the case of chana, which has about 50% share in country's pulses production, mandi prices in Kota, Rajasthan on Friday was in the range of Rs 4900/quintal – Rs 52000/quintal against MSP of Rs 5650/quintal for current season.

Procurement operations of chana have commenced in Telangana and Andhra Pradesh. Only about 5000 tonne have been purchased in these two states.

The agriculture ministry has sanctioned purchase of 5 MT of pulses – tur, chana, urad, masur and moong – under PSS in the key growing states including Rajasthan, Karnataka, Maharashtra, Madhya Pradesh, Uttar Pradesh, Chhattisgarh and Tamil Nadu in the both kharif and rabi seasons.

The agriculture ministry has sanctioned purchase of 2.8 MT of mustard across key producing states — Rajasthan (1.3 MT) Madhya Pradesh (0.49 MT), Uttar Pradesh (0.47 MT), Haryana (0.33 MT), Gujarat (0.12 MT), Assam (62,774 tonne) and Chhattisgarh (3050 tonne) under PSS for current rabi season.

In addition, MSP purchase of a smaller quantity of groundnut and sunflower has been approved in Telangana under the PSS in the current rabi season.

Meanwhile, the central agencies in association with the state government in the kharif season have purchased close to 2 MT of soybean and 1.5 MT of groundnut in Maharashtra, Madhya Pradesh, Rajasthan, Karnataka, Gujarat, Telangana and Uttar Pradesh respectively from 1.3 million farmers against a small quantity purchased in the previous crop years. India imports 15% to 18% and 58% of its annual pulses and edible oil consumption respectively.