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## THE HINDU

### Small growers join forces to build their own warehouses



Germalam in Erode district, Tamil Nadu, is covered by thick reserve forests. Agriculture and livestock are the key livelihood for the people there. The land holding of each farmer is about one to three acres of dry land where cultivation predominantly depends on the monsoon. Maize is the main crop grown extensively apart from ragi, lablab, tapioca, black gram, horse gram and french beans as minor crops.

Like paddy in the delta regions, in this region, maize was the major sustenance crop and as usual marketing the produce was a big bottleneck.

#### **Private lenders**

“The small farmers used to borrow from moneylenders at 3-5 per cent interest per month for purchasing seeds and fertilizers and the moneylenders usually arrived at the farm during harvesting season — and took away from the farmer a volume of produce equal to the loan principal and interest.

“Being indebted, farmers did not have much control over the rates the moneylenders fixed. Besides, the moneylenders used their own faulty weighing scales,” says Dr. P. Alagesan, Programme Coordinator, Myrada (Mysore Resettlement and Development Agency), Gobichettipalayam, Tamil Nadu.

Farmers therefore lost out both on rates as well as the weight of their produce. Since they had no idea of the market availability or the prevailing rate for maize they did not have much choice. Some of them tried to market

the produce themselves but the high cost incurred on transportation (especially, since they had small volumes each) forced them to sell the maize as soon as it was harvested.

And the market was a buyers' arena.

Traders offered low prices for the produce taking advantage of the fact that the sellers were not locals and had come from faraway places. Farmers were often forced to agree to the buyers' rates as they wanted to go back home early and there were costs involved for storing their maize in warehouses.

### **Not enough place**

Stored grain also lost moisture and its quality deteriorated. There was not enough place in Germalam to store all the maize.

A decade back when this problem was being discussed among the local community one of the ideas that emerged was the construction of community warehouses in their own areas.

Accordingly they approached Myrada institute in their region to see whether this was possible. Based on the area of maize grown and the number of farmers who would directly benefit from this project, it was decided that two warehouses could be constructed in two villages.

### **Management**

Both the warehouses would be managed by the self-help groups in the respective villages. Since it was community managed and maize being a seasonal crop, both the warehouses did not require year- round management.

“The model cut labour costs as farmers themselves brought in their produce from their farms to the warehouse. No full time staff was required. Members from the local self-help groups volunteered to work for free. Therefore the annual maintenance costs for the warehouse was as low as Rs.1,000 — mainly for whitewashing and cleaning and this was paid out of the warehouse account,” explains Dr. Alagesan.

The warehouses charge different rentals for those who have contributed to its construction — chiefly self-help groups and outsiders.

The groups pay a rent of Rs.1 per bag stored per month. Other individuals pay Rs.1.50 per bag per month. No additional charges are levied as the transportation, loading and unloading costs from the farm to warehouse are borne by producers themselves.

After deducting all the expenditures, the warehouse committee bank account currently has a balance of about Rs.30,000.

### **Governmental support**

Based on the success of these two warehouses the government has also come forward to support setting up of two more warehouses with active support from Myrada.

Presently the four warehouses constructed by the Myrada Germalam Project have proved their worth and the government is rapidly replicating the programme. Apart from the three already supported by the government, six more are being build in the Kadambur and Thalavady hills in collaboration with the District Rural Development Agency (DRDA).

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### **New device to treat sugarcane setts**

Sugarcane Breeding Institute (SBI) has developed a new sett treatment device to treat sugarcane setts or buds to raise a healthy nursery.

A release from the Institute said that it had developed a sett treatment device in collaboration with the Central Institute of Agricultural Engineering – Regional Centre, Coimbatore, for treating the setts under reduced pressure so as to prevent them from diseases like red rot, smut and a few other fungal diseases. For, they had the potential to affect yield.

Using the equipment, the setts could be treated in 10 to 15 minutes with more effective diffusion of chemicals.

The chemicals could be re-sued and that results in savings.

In red rot, smut and wilt endemic areas, fungicide treatment through the sett treatment device would protect the crop from sett-borne and soil-borne inoculum.

### **Bids invited for market construction**

The Agricultural Produce Marketing Committee here recently invited bids for the construction of a modern wholesale vegetable market in Block “B” and Block “C” at its main market yard.

The approximate value of the project is Rs.10.9 crore and the duration for completion of the project is 11 months. The last date for submitting bids is May 30.

The APMC has also floated tenders to construct a modernised godown on its premises . The last date for submitting bids is April 4.

### **‘Chances of price increase dim, sell gingelly upon harvest’**

The Agro Market Intelligence and Business Promotion Centre (AMI&BPC) of the Department of Agricultural Marketing and Agri Business has advised farmers to sell gingelly upon harvest.

The price of top quality red gingelly is expected to be around Rs. 7,500 to Rs. 7,700 a quintal in April and May and there seems to be limited chance for any increase in price, the AMI and BPC said in a price advisory to farmers.

The price advisory was based on an analysis of the prices that prevailed in the Sivagiri Regulated Markets over the past 15 years and a traders’ survey conducted by the AMI& BPC functioning at the Centre for Agricultural and Rural Development Studies (CARDS), Tamil Nadu Agricultural University. At present, red gingelly price was hovering in the range of Rs. 6,800 to Rs. 8,000 a quintal, depending on quality, at the Sivagiri regulated market.

The export market is not conducive for Indian gingelly as China sources gingelly from African countries with better quality at competitive price. Oil producers in Tamil Nadu source red gingelly from West Bengal at less price than the domestic price, the advisory said. In India, West Bengal contributes 40 per cent of the country’s gingelly production followed by Madhya Pradesh, Rajasthan, and Gujarat. The four States contribute nearly 70 per cent of the Indian gingelly production. The remaining share was contributed by Tamil Nadu, Andhra Pradesh, Karnataka, Maharashtra, and Uttar

Pradesh. In Tamil Nadu, Erode district is the major gingelly producer. Apart from that, Karur, Thanjavur, and Cuddalore are the major districts contributing to the gingelly production of the State. In Tamil Nadu, gingelly is grown as irrigated crop in December and January and harvested in March to May.

### **Mango farmers, traders agree on open auction**

Mango farmers and merchants have, in principle, agreed to do away with the old method of deciding prices, largely done secretly, and go for the open auction system. Joint Collector Gandham Chandrudu, who presided over a meeting of farmers, merchants and officials of Marketing, Agriculture and Horticulture departments at the Nunna Mango Market, said modalities like timing and frequency would be decided in a couple of days after taking the views of all stakeholders in writing.

While farmers wanted an auction in the morning some of the traders preferred that the auction be conducted in evening. The price of mangoes at the Nunna Market was being fixed in an arbitrary fashion with traders making the bids through Mesonic style secret handshakes done under the cover of a handkerchief, towel or cloth.

Minister for Major Irrigation Devineni Umamaheswara Rao asked the heads of the line departments – Horticulture, Marketing, Agriculture and Police – to put an end to the medieval practice.

Fortunately for the officials, farmers and merchants agreed to change the system of fixing price of the produce that was coming to the market.

### **Modern wholesale vegetable market at APMC Belagavi**

The Agriculture Produce Marketing Committee (APMC), Belagavi has recently floated tender inviting bids for the construction of a modern wholesale vegetable market in city.

The approximate value of the project is Rs. 10.90 crore and the expected duration for completion of the project is 11 months. The last date of submitting bid is May 30.

## How solar power made him self-reliant



As quality power is supplied for irrigation pump sets only for a couple of hours in a day, farmers often blame the electricity supply companies for dip in crop yield. However, H.C. Nataraj, a farmer of Konehalli near Arsikere, has bid adieu to this problem for a year now. His farm, where he has grown coconut and areca trees, has never faced electricity shortage to lift water as he has a solar power panel.

Last year he installed a solar power panel on his farmland at a cost of over Rs. 5 lakh, and that has brought great relief to him. “I am happy now. Earlier, I had to wait for the whole day to lift water as electricity was supplied only for fixed number of hours every day. Whenever transformers needed repair, the officers concerned never bothered to attend to it for months together. I have seen days when we struggled to get a little water to drink on the farmland,” Mr. Nataraj told *The Hindu* .

Now his solar-supported pump set lifts water that is sufficient for seven acres of land comprising areacanut and coconut farms.

Mr. Nataraj says that he was inspired by farmers of Bijapur, who had installed solar panels in their farms to run pump sets. He got in touch with Maapa Vivasvan Energy Pvt. Ltd., which installed the system”, he said.

The company has installed 5.7 kWp solar system, sufficient enough to run 5 hp water pump sets.

B.J. Vagish, one of the founders of the company, told *The Hindu* , the company has installed the system for over 50 pump sets across the State. “The system starts working around 7.30 a.m. in places like Chitradurga and north Karnataka districts, while in parts of Arsikere it might start around 8



a.m. The peak output of energy will be between 9.30 a.m. and 3.30 p.m. During that period, farmers can switch on the system and lift water,” he explained.

Mr. Vagish added that State government should provide assistance to farmers wanting to install solar power panels on their land.

## **QUESTION CORNER**

### **TREE SURVIVAL**

#### **How do trees survive after shedding their leaves?**

KALYAN

Certain plants are perennials and survive from year to year by matching their growth to the progression of the seasons or by suspending growth altogether during unfavourable times, such as winter or a dry season.

The resting bud consists of a short axis, with the shoot apex surrounded by modified unexpanded primordial leaves, which protect the shoot apex having the shoot apical meristem, especially from drying.

The cells in these leaves show marked frost resistance, similar to that of the embryo of the seed. In the case of herbaceous plants, the marked changes that occur during this unfavourable season are dying back of aerial parts altogether, leaving protected organs at or below the soil surface.

Many types of trees shed their leaves as a strategy to survive harsh weather conditions. In temperate forests, trees shed their leaves during autumn as cold weather approaches. In tropical and subtropical forests, trees shed their leaves at the onset of the dry season. Trees that lose all of their leaves for part of the year are known as deciduous trees.

Leaves are expensive organs for a tree to build and maintain. During winter (in cold climates) or the dry season (in warmer climates) it becomes difficult for the tree to maintain its water balance as there is less free water available in the soil. It is thus difficult for the tree to keep its leaves turgid and the cells of the tissues in the leaves would become damaged by the cold in temperate areas, or the heat in warmer areas. Instead of remaining actively growing during this time of the year the tree enters a dormant period.

Trees are adapted to the climate of the area where they grow. They do not wait for their leaves to be damaged by the harsh conditions of the winter or dry season. They prepare in advance for the onset of the unfavourable season by getting ready to lose their leaves.

Shedding leaves helps trees to conserve water and energy. This process is called abscission.

At the start of the abscission process, trees reabsorb valuable nutrients proteins and carbohydrates from their leaves and store them for later use in their branches or roots. Thus the leaf that is due to fall does not take these substances with it and an important part of the materials necessary to form leaves in the future is retained. Many types of trees shed their leaves as a strategy to survive cold or dry weather and so leaf shedding is a purposeful separation process and it will never leave the plant to die.

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### **Indian research on smokeless tobacco, bidi, pan masala**



The recent controversy about several members of the Parliamentary Committee on Subordinate Legislation on Rules on the Cigarettes and Other Tobacco Products Act 2003 highlighted how financial interests of the members flouted ethical principles. These gentlemen should have resigned



from the committee. They did not, and the Prime Minister's office had to take corrective action.

And they took liberties with truth, which are now published both in the official government website and in the press and media. The chairman said: "Bidis are natural products (sic) and are very small as compared to cigarettes. As such, bidis should not be compared with cigarettes as far as rules are concerned". Well, are cigarettes made from natural products too? Another said: "there is very little tobacco in each bidi, hence the harmful effects are nil as compared to cigarettes and chewing tobacco" A third said: "what people find in Abu Dhabi does not apply to India. There is no work done in India to show that bidi and smokeless tobacco (meaning *ghutka* etc) cause cancer". A fourth one knows some people who smoke 60 cigarettes a day and are yet cancer-free.

Clearly, each one of these statements is disingenuous. I refer the reader to the comprehensive special section on tobacco control, published in the Indian journal *Current Science*, Vol.96, no.10, 25 May 2009 available free on the net. The article there by Drs . C. Ray and P. C. Gupta (pp.1324-1334) cites as many as 37 studies done by Indians in India (out of a total of 65 references). So, to say that there are no Indian studies on bidi and smokeless tobacco use and their health effects and cancer connection is plain nonsense. The above review further points out the bidi smoke contains many of the same cancer causing chemicals as cigarette smoke, and that bidi smoking generates similar or slightly higher nicotine levels in the blood compared to conventional cigarette smoking.

These data have been published in the report "Bidi Smoking and Public Health", edited by P.C. Gupta and S. Asma, submitted to the Ministry of Health and Family Welfare, India in 2008 (ref. 21 and 22 in the above paper), and are freely accessible to all, including the Subordinate Committee members, if only they had tried. It is clear that the Committee had members whose business interests have made them cancer-deniers (similar to the climate change deniers of the U.S.).

Even as we concentrate on tobacco smoking, let us not forget smokeless tobacco and *pan masala*, which too are consumed by many as 45 per cent of Indians, namely, almost every second Indian. These are in the form of snuff, chewing tobacco, tobacco leaf, *gutkha*, *mawa*, and the like. *Gutkha* is basically a flavoured and sweetened dry mixture of areca nut (*supari*),

catechu (*kattha*), slaked lime and tobacco. The same without the tobacco is termed *pan masala*. Here again there is plenty of Indian research done in India (and in neighbouring Sri Lanka) to link their continual use with what is referred to as oral submucosal fibrosis or OSF. Even *pan masala* and areca nut use is worrisome. Drs. Kalpagam Polasa, B. Sesikeran, P.C. Gupta, Ranju Ralhan, A. Mukherjee, B. J. Dave, Sabakhan, R. A. Bhisey are just some researchers (I am missing out on many other equally distinguished researchers, and apologise for the lapse), and they have produced a volume of literature on the constant use of *Pan masala*, and *supari* (areca nut) and OSF. It starts as intolerance to spicy food, rigidity of lip and tongue, hardening of the submucosal fibres, and whitening of the area (leukoplasia). Two detailed reviews on the connection between the continuous use of *pan masala* and OSF appear in (a) the journal *Mutagenesis*, 2004 by Urmila Nair and others, and (b) in *Oral Oncology*, 2006 by W.M. Tilakaratne and others, both free on the net. The most recent Indian work on areca nut chewing and OSF comes from R. Anand and others in *J. Cancer Res. Ther.* 2014. Thus we need to worry when a *pan masala* king joins any panel involved in restricting the use of *supari* and *gutkha*.

That areca nut, used for centuries in India and the East, both as a “health practice” and as social courtesy can have ill effects would worry many readers. Sadly it is true, and as an occasional use or as a social grace it should be limited. The saving grace is in the practice of offering or even consuming it with betel leaf.

This is because the betel leaf contains many compounds that tend to be not only beneficial but also some molecules that are chemopreventive (work by Drs S.V. Bhide and Colleagues at the Cancer Res. Inst, Parel, Mumbai) and antioxidants (by Shetty and others at the NITTE University, Mangalore) and others. We had covered it in an earlier column in this newspaper (issue of November 4, 2010), and the most recent review on this issue comes from Drs R. Toprani and D. Patel of the HCG Cancer Centre, Ahmedabad, titled: “Betel Leaf: Revisiting the benefits of an ancient herb”, in the *South Asian J. Cancer*. p. 140-141, 2013. Next time when someone offers you *Tambulam*, think about these.

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## **Agriculture dept gets 25L contingency fund**

The government has allocated 25 lakh as a contingency fund for the agriculture department to cope with emergencies like breach in bunds in khazan fields, outbreak of crop pests and diseases, etc. Earlier, the agriculture department had no such fund to cope with difficult situations.

Orlando Rodrigues, director of agriculture department said that breaches in bunds causes saline water to inundate the fields. Also, due to sudden weather changes, there are incidents of crop diseases or pests ruining the crops. The new contingency fund will enable the department to extend a helping hand to the farmers in Goa. "The department can spend the money without waiting for government approval," Rodrigues said.

In another initiative, the agriculture department has taken up 34 villages from all over Goa for agricultural development. Last year, the department had taken up 25 such villages. The department's staff has begun visiting farmers' houses in villages to conduct a survey that will highlight parameters such as type of soil, cropping pattern in the farms and specific needs of the farmers.

"These interactions have shown that we can do many more things that are not included in our present schemes. For example, their houses are small and they do not have enough space to store their produce. So they need warehousing. Also, some fields do not have access roads to take in material or to take out produce. We will study these issues and find ways to address them," said Rodrigues told TOI.

The department has already addressed a grievance of farmers that they did not have access to technology pertaining to cultivation in polyhouses.

The state government is now giving almost 100% subsidy to polyhouse construction. Farmers can take up plantation of exotic vegetables in polyhouses such as capsicum, broccoli and Chinese cabbage. They can also plant vegetables such as cucumber, bhendi, tomato, etc. Flowers like chrysanthemums, gerberas, orchids, anthuriums, etc, can also be cultivated

in polyhouses. "All these can be grown in polyhouses throughout the year as polyhouses have controlled weather conditions inside," Rodrigues said.

The government has decided to designate four hectares of land on departmental farms as "centres of excellence". These will showcase to farmers cultivation of vegetables and flowers in polyhouses.

### **Mangoes may cost a bomb this season**



Thanks to intermittent rains over the last two months, the king of fruits is likely to pinch your pocket this season.

According to agriculture marketing experts, roughly 30% of mango trees undergoing the flowering period were badly affected due to the unseasonal rains in the state. To make matters worse, the Met department has predicted thunderstorms in the state in the upcoming week.

Adding to the woes of mango-lovers, this year the European Union has lifted the blanket ban on Indian mangoes. "With the ban being lifted, farmers have a good opportunity to earn rich dividends by exporting them to other countries. However, this would also mean that the cream of the crop would be exported first," said a senior officer from the agricultural marketing department.

Experts further said that many farmers have adopted 'good agricultural practices', which makes their produce eligible for export. "If such is the case, then chances of good mangoes making their way into Hyderabad are less," said GV Ramanjenayulu, executive director of Centre for Sustainable Agriculture.

Last year, mango prices ranged between Rs 30 and Rs 50 per kg. This year, prices might go up to at least Rs 60 to Rs 80 per kg, officials said.

Levying of motor vehicle tax on commercial vehicles entering the state may also deprive people of quality mangoes. "Tax levied on vehicles carrying mangoes to Hyderabad, mainly from AP districts such as Kurnool and Chittoor that produce the best 'Totapura' mangoes, would automatically shoot up the prices," Ramanjenayulu added.

Meanwhile, agriculture experts warned consumers against artificially-ripened fruits.

Govt calls CMs' meeting as sugarcane arrears to farmers breach Rs 21,000 cr Country's total sugarcane arrears to farmers has crossed Rs 21,000 crore mark and the outstanding amount only for the 2014-15 marketing year is Rs 19,243 crore. Stating that sugarcane farmers are facing major problems because of this, the food ministry has called two meetings on April 15-16 with farmers and chief ministers of 13 sugar producing states to resolve the crisis.

According to official figures issued by food minister Ram Vilas Paswan, Uttar Pradesh has the maximum outstanding amount at Rs 9,715 crore during the last financial year. The total arrear to farmers in the state in the past three years is higher at Rs 10,139 crore. Maharashtra and Karnataka are the two other states where millers have also to clear major arrears.

"We will try to find a way out after holding discussion. It's a serious issue since it concerns the farmers. There are issues like states announcing higher cane price in comparison to the price fixed by the Centre. All issues will be discussed," Paswan said.

He added that though the Centre has not much role to play after the decontrol of the sugar sector, it is concerned about farmers.

The sugar industry has been demanding special relaxations as they are facing huge problems in paying dues to farmers as they have been incurring losses for last few years because of mismatch in the cost of production and sale price of the sweetener.

Industry body ISMA has demanded that the government should give exports subsidy on white sweetener, create buffer stock of 20 lakh tonne and also restructure millers' debt of over Rs 36,000 crore.

## To 'fund the unfunded' PM Modi launches MUDRA Bank



Recalling his experience as the chief minister of Gujarat when the kite-making industry expanded to a Rs 500 crore business with help from the government, Prime Minister Narendra Modi on Wednesday stressed on the need to provide finance to micro and small businesses, which have the potential to create 25 crore jobs.

“Small inputs of skill development were needed in the industry. These small efforts helped the kite-making industry grow from Rs 35 crore to Rs 500 crore in Gujarat ... 90 per cent of those in the kite-making industry were Muslims,” he said while launching the Micro Units Development and Refinance Agency.

Similar interventions at the Central level would help transform small businesses from a Rs 11 lakh crore industry, giving a significant push to the economy, he added.

“While there are a number of facilities provided for the large industries in India, there is a need to focus on these 5 crore 75 lakh self-employed people who use funds of Rs 11 lakh crore, with an average per unit debt of merely Rs 17,000 to employ 12 crore Indians,” the Prime Minister said, explaining the reason behind the MUDRA Bank.



Announced as part of the Union Budget 2015-16, the bank will have a corpus of Rs 20,000 crore and a credit guarantee corpus of Rs 3,000 crore.

The Prime Minister said the MUDRA Bank would provide “funding to the unfunded” and would promote entrepreneurship and self employment in the country.

“Every village has two to four Muslim children who are very innovative and good at technology ... if they need to borrow money, they first need an asset to borrow against, but don’t have any,” he said.

Pointing out that the biggest asset of the poor is their integrity, Modi said that by combining their integrity with capital (MUDRA), it would become the key to their success.

Indicating that the new bank would be commercially viable, the Prime Minister said that within a year, banks would queue up to give loans to MUDRA applicants.

He also urged banks to study successful models of micro finance, tailored to the local requirements and cultural contexts, which would help the poorest of the poor in a big way.

### **MUDRA Bill to be tabled in 6-12 months: Adhia**

The finance ministry will introduce a Bill for setting up the MUDRA Bank over the next year, incorporating provisions from the long-pending Micro-finance Institutions Bill in it. “Some components of MFI Bill will definitely come to MUDRA Bill ... It will be tabled in Parliament in next six months to one year,” said department of financial services secretary Hasmukh Adhia on the sidelines of launch of the [\*MUDRA\*](#) Bank.

## Express Recipes: How to make Chilled Curried Apple & Mint Soup



Summer season is fast approaching. This soup recipe will help you beat the heat and also keep you refreshed. Alternatively, you can have it hot, by serving it with a swirl of cream instead of yogurt.

Serves 4

### **Ingredients**

2 tbsp butter, 1 onion – roughly chopped, 1 tbsp curry powder (MDH)

4 cups vegetable stock, given below

2 apples – peeled, seeded and roughly chopped

1 1/2 tbsp mango chutney, 3 tbsp lemon juice, or to taste

1/4 cup finely chopped fresh mint

1 1/2 tsp salt and 3/4 tsp black pepper, or to taste, 100 gm (1/2 cup) plain yogurt

6 cups water, 1 tsp pepper corns (saboot kali mirch), 2 bay leaves

1 carrot – roughly chopped, 1 1/2 cups roughly chopped cabbage, 1 onion – chopped

### **Method**

\* For the stock, boil all ingredients of the stock together. Cover and simmer for 10 minutes to get about 4 cups of stock. Strain and discard vegetables and spices.

\* Melt the butter in a large saucepan, add the onion and cook gently, stirring occasionally, for a few minutes until soft but not coloured. Add the curry powder

& cook, stirring constantly, for 1-2 minutes. Add 4 cups stock. If stock is less add enough water to make upto 4 cups. Add chopped apples & bring to a boil, stirring.

\* Cover and simmer for 15 minutes or until the apples are tender.

\* Puree apples with mango chutney and lemon juice in a mixer until very smooth.

\* Add chopped mint, salt and pepper to taste. Serve hot with a swirl of cream. If you like it cold, cover and chill in the refrigerator for at least 3 hours. Whisk in the yogurt, then taste for seasoning. If the soup is too thick, add a little milk.

*Nita Mehta is a celebrated chef and has penned over 600 books. Her book cover a multitude of cuisines from around the world. 450 of her books have been on the best-seller list, and in the short span of a few years she has sold over 7.5 million books. Several of her books have also won International Awards. She has conducted cooking classes in USA, UK, Canada and several other countries, and appeared on many TV channels in cookery shows.*

## THE HINDU BusinessLine

### **No slowdown in bank lending to agriculture sector**

This is result of lacklustre credit growth to India Inc and tough priority sector lending norms



Risky move As the agriculture sector is likely to face one of the most challenging times in 2015-16, banks lending aggressively to this sector may see their bad loans rise KK Mustafah

**BL Research Bureau:**

Credit growth in the banking system continues to languish below the 10 per cent mark, far lower than the 14 per cent seen a year back. But there is one segment that has managed to grow faster than last year — loans to the agriculture sector. These grew 16.5 per cent in February 2015, higher than the 13 per cent in the same period last year.

Given that the agriculture sector is likely to face one of the most challenging times in 2015-16, banks lending aggressively to this sector may see their bad loans rise. According to the RBI's December 2014 Financial Stability Report, the agriculture sector has the highest gross non-performing asset (GNPA) ratio, at 5.4 per cent of loans.

Public sector banks that are already weighed down by asset quality concerns have seen loans to the farm sector gallop in the December quarter. For instance, Indian Bank, Canara Bank, Central Bank, Allahabad Bank, Andhra Bank and Punjab National Bank have exposure of 17-19 per cent (of loans) to the agriculture sector. These banks have grown their agri loan portfolio by more than 20 per cent in the December quarter. Central Bank has seen a whopping 41 per cent growth in loans to this segment.

State-owned banks have the highest level of bad loans within this segment too. India's largest lender, SBI, has about 10 per cent exposure to the agri sector; of which 10 per cent are bad loans. For IDBI Bank, about 14 per cent of its agri loans is non-performing. For most other public sector banks, NPAs within this sector are at 5-6 per cent.

The agri sector had a good run between 2007 and 2012, backed by rising demand and higher realisations.

But given the moderation in minimum support prices (MSP), a more measured allocation to rural schemes such as MGNREGA, and plunging global commodity prices, the agricultural economy is likely to face challenging times ahead. Add to these the dodgy and erratic monsoons and we have the perfect recipe for a sharp rise in bad loans.

## Why the increase?

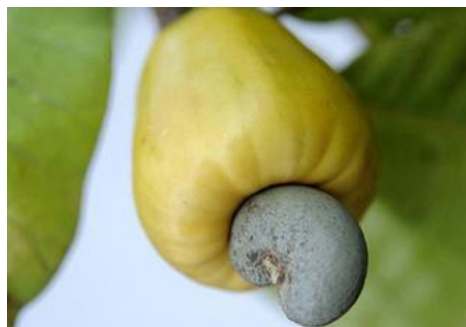
Increased lending to the agri sector is the result of regulatory norms and lacklustre credit growth elsewhere. Under the priority sector lending (PSL) requirements, banks need to lend 18 per cent of ANBC (adjusted net bank credit) to the agriculture sector. If a bank fails to adhere to the PSL norms, then it has to invest in low-yielding assets such as Nabard's Rural Infrastructure Development Fund (RIDF). The Budget has also increased the agriculture lending target to Rs. 8.5-lakh crore for 2015-16, up from the Rs. 8-lakh crore in the previous year.

Two, the slowdown in overall credit growth has primarily been driven by a fall in investment activity by corporates. The growth in this segment has slipped to 6 per cent from 13 per cent last year. With a number of large projects stalled, corporates are in no hurry to put up new capacities. With more than 40 per cent of bank lending skewed towards the corporate sector, slowdown in this segment has bumped up the loan growth in the agri segment; home loans and vehicle loans too have grown a tad lower than last year.

The PSL norms may soon be revised. Recently, an internal working group of the RBI formed to review PSL norms recommended addition of new sectors and sub-targets.

For the agri sector, the target of 18 per cent of ANBC is proposed to be retained. A sub-target of 8 per cent has been recommended for small and marginal farmers, which is to be achieved in a phased manner. More flexibility has been recommended for banks to lend the remaining 10 per cent of the overall agriculture loan target to other farmers and for agricultural infrastructure and ancillary activities.

## Cashew kernel market shows some buoyancy on tight supplies



The global cashew market has shown some buoyancy last month and the trend is expected to remain in April, after remaining subdued in January and February.

“Reasonable activity was witnessed in March and most of the business was for shipments up to May/June. However, some business was done for shipments in the second half of 2015,” trade sources said.

Last month cashew kernel prices were – depending on the processor and shipment period – in the range for W240 from \$3.65-3.85; W320 \$3.40-3.60; W450 \$3.15-3.25; SW320 \$3.25-3.35; splits \$2.90-3.10 and pieces \$2.85-3 all per lb (fob).

“In the last 2-3 weeks, prices for WW320 and SW320 have moved to the higher end of the range with hardly any offers near the lower end of the range,” Pankaj N Sampat, a Mumbai-based dealer, told *BusinessLine* .

Broken grades continue to be tight supplied as yield per tonne of Raw Cashew Nuts (RCN) has come down to normal levels and even below normal for more efficient shellers, and usage, especially in Asia, has gone up, he said.

In the first quarter of 2015, Indian shellers have been served a double blow, he said.

First, a huge wage increase in Kerala which has made processing very uncompetitive.

And this week, a reduction in duty credit from 5 per cent to 2 per cent of FOB value for all exports after April 1.

Higher productivity and cheap labour has steered Vietnam to the top rung as the producer of RCN and exporter of cashew Kernel, pushing India to the second slot, he pointed out.

According to Pankaj, Northern Hemisphere crops, which are projected as 75 per cent of the world production, are currently being harvested.

Crops are expected to be good in most areas. There is, however, concern about lower quantity in some areas and lower kernel yields in some others.



Also, there is concern that logistic issues in some countries might delay the movement of RCN to Vietnam and India.

RCN prices were trending lower in February on expectation of good crops but started moving up from mid-March due to slow arrivals.

Currently, India and Vietnam RCN are trading in the range of \$1,450-1,500 a tonne. Prices from West Africa are in the range of \$ 1,100-1,300 a tonne c&f, depending on origin, quality, shipment period, payment terms.

### **Sugarcane arrears mount to Rs. 19,243 crore**

Food Ministry to meet CMs next week to find ways to solve crisis, help millers & growers



Payments owed to sugarcane farmers by mill owners touched a whopping Rs. 19,243.63 crore as of Tuesday for the 2014-15 season (October-September), with the Food Ministry set to convene a meeting with Chief Ministers of States on April 16, to examine solutions to help growers as well as mill owners.

### **Increasing dues**

Uttar Pradesh, the country's second largest sugar producing State, accounts for more than half of the total dues, with mills owing almost Rs. 9,716 crore to farmers.

Mills in Maharashtra, the biggest sugar producer, have outstanding payments of Rs. 2,864 crore, while arrears in Karnataka stand at Rs. 2,402 crore.

“The state of cane farmers in the country is terrible with increasing dues. We have stated earlier that the Centre has a limited role to play, with State governments choosing to fix their procurement prices at a higher rate than the Fair and Remunerative Price (FRP) set by us,” said Food Minister Ram Vilas Paswan on Wednesday.

## **Pricing issue**

Millers in UP, who pay a State Advised Price (SAP) of Rs. 280/quintal of cane against the FRP of Rs.220/quintal, have long demanded that the State adopt the Rangarajan Committee formula for a rationalised pricing policy. The 'formula' has been adopted by Maharashtra and Karnataka.

The committee had recommended that mills pay the farmers the FRP upon receiving the cane and subsequently pay 70 per cent of the proceeds from the sale of sugar and other by-products.

In an arena of depressed sugar prices, currently around Rs. 2,550-2,600/quintal (ex-mill), the industry claims that losses have been mounting, leading to worsening of the arrears situation.

## **White sugar**

“We are meeting cane farmers on April 15 to discuss the issue, while the following day we will have a meeting with the Chief Ministers of UP, Punjab, Haryana, Maharashtra, Bihar, Karnataka, Gujarat, Tamil Nadu, among others. We will try to evolve solutions to settle this problem,” said Paswan.

While the industry has demanded export incentives for white sugar along the lines of that provided for raw sugar, as well as the creation of a buffer stock, Paswan said it was too early to state that any of those demands could be met, but did not rule these out.

“The last time such a meeting took place, we worked out solutions to help those involved by providing soft loans, export incentive on raw sugar, raising import duty, etc. Now these demands will be discussed at the meeting the Ministry is calling, I can't say much now,” he said.

## **Sugar balance sheet**

Sugar output is estimated at 265 lakh tonnes (lt) for the current season, with domestic consumption pegged at 244 lt. The industry began the season with a carryover stock of 75 lt.

## Going bananas: India's export zooms 45%



Consumers in West Asia appear to have taken a liking for bananas from India. Though India recorded a 45 per cent jump in banana exports in 2013-14, and Qatar, Saudi Arab, Oman, United Arab Emirates, and Kuwait were among the top export destinations, exporters insist much more needs to be done to jump-start the fledgling business.

A fresh produce company, Pick N Serve Foods, recently started exporting its branded bananas to Oman, Dubai, Qatar and Kuwait, and ships around 10-15 containers per week.

“India produces 30 per cent of the world’s banana, but export is negligible, at less than 1 per cent,” points out Subrata Mondal, CEO, Pick N Serve Foods. “Other countries such as the Philippines and Ecuador, that were earlier ranked 8 and 10 respectively in production, have shot ahead and are currently the top exporters. Moreover, India’s post-harvest facilities are still in their infancy, especially as there is poor cold chain infrastructure,” he said.

Stating that there was a huge opportunity in banana exports from India, Mondal pointed out that since the fruit was available 365 days of the year, it could be exported quickly to its export destinations, “because it takes 3-12 days to reach any export destination,” all of which made for a perfect recipe for Indian exporters.

Affinity to the West Asian markets has offered a huge opportunity for Indian exporters to boost their banana consignments to the region. The potential is huge, contends Mondal. “Iran imports 2,500 containers of banana every month from across the world. From India, it takes just 40 containers a month, though five months ago it was less than 10 containers. Each container contains 20 tonnes (20,000 kg) valued at Rs. 8 lakh,” he said.

Currently, some 150 containers stacked with bananas are shipped from India per month to markets in the West Asia. With 1,800 containers per year, Mondal says the market is around Rs. 150-200 crore.

### **Huge exports**

According to export numbers released by Apeda, India exported 65,844 tonnes of bananas in 2013-14 against 45,573.23 tonnes in the previous financial year. Though exports to West Asia were high, even UK and France consume Indian bananas.

India exported 62,799 kg of bananas valued at Rs. 28.90 lakh to Qatar in 2012-13, and exports to Saudi Arabia were pegged at 32,740 kg valued at Rs. 17.55 lakh, the same year. Apeda data showed that India exported 15,307 kg to the UK valued at Rs. 9.01 lakh in 2012-13, and France took some 5,957 kg of bananas from India valued at Rs. 6 lakh.

IG International, an exporter and importer of fresh fruits, has decided it wants a large share of the pie, and is to export bananas to Saudi Arabia, Iraq and Iran. The Delhi-based company is aiming at banana exports worth Rs. 60 crore over the next few years. The company's first consignment of bananas was shipped to West Asia early this month.

Tarun Arora, Director, IG International, pointed out that exports of table bananas from India could not rise above a certain stage since many other nations, notably the Philippines, could easily supply the fruit in large quantities at cheaper rates.

### **Branded plantains**

Branded bananas seem to have found favour in Western Asia. While IG International has launched 'Rich Bananas' in West Asia, and Arora says the company uses ethylene absorbers to ensure quality, Pick N Serve has introduced two new banana brands – 'IndoFresh' and 'PickFresh' for the Gulf market.

The company has innovated a concept called 'field packing' by which the bananas are harvested, sorted, graded, washed and packed in the field, making the bananas less susceptible to damage.

## Volumes up at Coonoor tea auctions

A volume of 12.37 lakh kg is being offered for Sale No: 15 of Coonoor Tea Trade Association auction to be held on Thursday and Friday. It is as much as 1.17 lakh kg more than last week's offer.

Of this, 8.27 lakh kg belongs to leaf grades and 4.10 lakh kg to the dust grade. As much as 11.34 lakh kg belongs to CTC variety and only 1.03 lakh kg belongs to orthodox variety.

In the leaf counter, only 56,000 kg belongs to orthodox while 7.71 lakh kg to CTC. Among the dusts, only 47,000 kg belongs to orthodox while 3.63 lakh kg belongs to CTC.

Homedale Estate was the only factory to enter the high-price bracket of Rs. 200/kg topping both Leaf and Dust auctions last week. Its Pekoe Dust grade, auctioned by Global Tea Brokers, topped the entire CTC market and Dust auctions when PS Tea Industries bought it for Rs. 217. Its Broken Pekoe grade topped Leaf market at Rs. 216. Its Broken Orange Pekoe Fannings ( Rs. 208) and Broken Orange Pekoe Small ( Rs.202), all auctioned by Global Tea Brokers, were the only other grades to cross Rs. 200.

## Business Standard

PM increases compensation for crop damage by 50%

**Eligibility criterion for availing of benefits lowered to 33% of loss**

Prime Minister [Narendra Modi](#) on Wednesday announced a 50 per cent increase in [compensation](#) to [farmers](#) for damage to their crop because of untimely rainfall and other such causes. Also, the eligibility criterion for this was lowered from loss of 50 per cent of potential crop to 33 per cent.

The move comes when [untimely rain](#) and hail have destroyed standing rabi crops and there is resentment among farmers over the government's land acquisition Bill.

In another development, the government rejected Congress president Sonia Gandhi's demand that wheat be procured even if it had more than 14 per cent moisture. Food Minister Ram Vilas Paswan, however, relaxed procurement norms for discoloured and broken wheat.

"Compensation will be increased one and a half times. If he (the farmer) got Rs 100 earlier, he will get Rs 150 now," Modi said at the launch of the [Micro Units Development and Refinance Agency](#) (MUDRA) in New Delhi.

Earlier, farmers could seek compensation of Rs 4,500 a hectare, or Rs 9,500 a hectare, or Rs 12,000 a hectare, depending on the crop sown and the nature of land, only if they lost 50 per cent of their crop because of natural calamities. Now, they will get Rs 6,750, Rs 14,250 or Rs 18,000 a hectare, if the crop loss is at least 33 per cent.

"Once, incremental (compensation) was two per cent or five per cent; now, it is 50 per cent. We are committed to providing compensation to farmers immediately. States have conducted surveys. The Centre and state governments will take this forward," the prime minister said.

"Chief ministers had suggested the criterion for availing of damages be changed. Our ministers went to some of the affected areas and assessed the damage. After that, we took the important decision of providing compensation even if a farmer's crop loss was 33 per cent," Modi said.

The prime minister also asked banks to restructure their loans in affected areas. On this, Reserve Bank of India Governor Raghuram Rajan has already said necessary instructions have been issued to lenders.

Modi also asked insurance firms to help farmers get claims for their damaged crops.

The total hit the national exchequer will have to take on account of recent crop damages isn't immediately known, as an assessment of individual farmers' losses is yet to be made. In this regard, the Centre will send a team of officials to Rajasthan on Thursday.

According to the 13th Finance Commission, whose recommendations were for 2010 to 2015, the Centre disbursed Rs 33,580 crore to states as disaster relief. The 14th Finance Commission, whose recommendations have been accepted by the Narendra Modi government, the transfers to states for disaster relief is expected to be to the tune of Rs 61,219 crore during 2015-2020, an increase of about 80 per cent.



Last month, the government had slashed its estimate of [crop damage](#) due to unseasonal rain and hail within two days of assessment --- from 18 million hectares to 10.6 million hectares. Now, it has reduced it to 8.5 million hectares.

Before this, the Centre had last revised the compensation guidelines in 2013. Officials said a decision to revise the parameters for assistance under the National Disaster Relief Fund was taken at a meeting of senior central ministers late Tuesday evening. The meeting, attended by Finance Minister Arun Jaitley, External Affairs Minister Sushma Swaraj, Road Transport Minister Nitin Gadkari and Home Minister Rajnath Singh, also took note of the Haryana model, which has revised compensation norms after the recent spell of rain and hail.

Later, Agriculture Minister Radha Mohan Singh said the government had directed states to set aside 10 per cent of their disaster response funds received from the Centre for localised calamities such as hail.

In view of the likelihood of an increase in the prices of onion and potatoes, the Centre has written to Uttar Pradesh, Maharashtra and West Bengal to purchase stocks and sell these at lower prices when needed; the difference in price would be reimbursed from the newly created Price Stabilisation Fund, which has a corpus of Rs 500 crore. It can be availed of if prices of onions and potatoes fall sharply.

"I believe all state governments are competent enough to provide adequate relief to farmers. Now, it is up to them as to how they do it," Singh said.