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# THE HINDU BusinessLine

**36 lakh farmers in Maharashtra to get complete loan waiver: CM**



Chief Minister Devendra Fadnavis

Maharashtra Chief Minister Devendra Fadnavis today said around 36 lakh farmers in the state, covered under the recently announced farm loan waiver scheme, will have their entire debt waived.

The Maharashtra government had announced a mega agri loan waiver of Rs 34,022 crore on June 24 after a state-wide agitation by farmers earlier that month.

The government had set a cap of Rs 1.50 lakh for the loan waiver.

There are a total of 89 lakh cultivators who are beneficiaries under the scheme, the CM said during his television programme 'Mi Mukhyamantri Boltoy'

The topic of today's show was farmer loan waiver and its reach out, according to a press note issued by the Chief Minister's Office (CMO) here.

The CM received more than 20,000 SMSes and emails from people from all over the state, enquiring about the loan waiver scheme and its implementation.

“There are 1.34 crore farmers in Maharashtra, of whom 90 lakh have availed crop loan. Out of it, 89 lakh farmers are eligible for the loan waiver scheme announced by the state government,” Fadnavis said.

“The state-level bankers’ committee — which prepares state’s annual credit plan, has provided some figures to the government regarding loan waiver and its implementation,” he said.

“Of the total 89 lakh beneficiaries, nearly 44 lakh farmers would get the maximum benefit of the scheme. Of these 44 lakh, the entire debt of 36 lakh farmers, who have an outstanding loan of up to Rs 1.50 lakh, would be completely waived,” Fadnavis said.

The remaining farmers, whose outstanding loan amount is slightly more than Rs 1.50 lakh, can also avail the benefit by paying the difference above Rs 1.50 lakh cap, he said.

A majority of beneficiaries are from suicide-prone districts of Yavatmal, Buldhana and Amravati, all located in the Vidarbha region, while a sizable number of farmers are from Akola, Gadchiroli, Gondia, Washim, Beed and Ratnagiri.

(This article was published on July 9, 2017)

**Why ‘one nation, one MSP’ is not working**



## Good returns on paper

Crop	₹/quintal		
	Kharif cost 2017-18 (projected)	MSP	Profit margin (% projected)
Moong	4,286	5,575	30.1
Maize	1,044	1,425	36.5
Groundnut	3,159	4,450	40.9
Paddy (Grade A)	1,117	1,590	42.3
Soyabean (yellow)	2,121	3,050	43.8
Bajra	949	1,425	50.2
Arhar (Tur)	3,318	5,450	64.3
Urad	3,265	5,400	65.4

• Source: CACP, Kharif Report 2017-18

Varied production costs, low-grade produce, limited surplus are key factors

Farmers across many States, including Madhya Pradesh and Maharashtra, are up in arms demanding implementation of the National Commission on Farmers report, which suggested fixing the minimum support price (MSP) for crops 50 per cent above the cost of production.

But the MSP of many crops already has a built-in profit margin of 40-50 per cent. So, what is behind the angst of farmers?

For the kharif marketing season 2017-18, the CACP (Commission for Agricultural Costs and Prices) has projected the all-India average cost of paddy at 1,117/quintal (including family labour) and recommended an MSP of 1,590/quintal, a margin of 42 per cent for the farmer.

In maize (36.9 per cent), paddy (38.7 per cent), bajra (50 per cent), tur (58 per cent) and urad (59 per cent), too, there is a profit for the farmer.

In fact, in tur, urad and moong, the Centre has announced an additional bonus of 200/quintal, which increases profits for the farmer.

While the Centre's projections are upbeat, not many farmers are able to realise these profits. One reason could be that only a few commodities get the government-fixed MSP. For instance, fruits and vegetables do not have support prices. But even in crops where there is procurement, farmers feel short-changed.

### **Higher cost of production**

This is because the cost of production of various crops differs from State to State and from farmer to farmer. But CACP averages the costs of all the States to fix the MSP for a crop. So, farmers in States with a higher cost of production are unable to get a healthy spread over the guaranteed price.

Take, for instance, labour costs. Last year, the daily wage rates for agri labour were 180-200/day in Madhya Pradesh, but 360-380/day in Haryana and 660-670/day in Kerala.

CH Ganga Reddy, who owns eight acres in Nizamabad and cultivates turmeric, maize and jowar, says: “Labour is expensive now. But, even if we are willing to pay more, we are not getting labour to work on our land as they prefer MNREGA...”

Other costs of production also vary by State depending on the fertility of the soil, weather, pest attacks, and quality of seeds.

In Bihar, for instance, maize seeds cost 3,100/hectare in 2014-15, CACP data show. But in the same year, the cost of the seed in AP was 5,099/hectare. Similarly, for soyabean, the total cost of fertiliser and manure used in 2014-15 was 2,959/hectare in MP while it was 4,919/hectare in Maharashtra.

### **Second-grade produce**

Farmers also end up selling at least a third of their produce much below the MSP as they can't meet the quality specifications of government agencies. Bhumaa Reddy, a farmer from Munapally village in Nizamabad, says: “Sometimes State agencies procure paddy and maize, but they do not take the entire produce at the MSP. They reject it if quality is bad, so we are left to the mercy of traders.”

This is the case with other crops, as well, say farmers. “When there is no benchmark price for produce of grade II/III varieties, traders exploit farmers by quoting sharply lower prices,” says Ayush Sharma, co-founder of Cosmos Green Kisan Maitri, an FPO in Telangana.

### **Low marketable surplus**

The other reason farmers don't find MSP attractive is that the marketable surplus of many farmers is small. With an average holding of 1-2 hectares, their marketable surplus after family consumption is low. They find the income from the crop barely enough to pay for the livelihood of 3-4 family members.

Also, as these farmers work on leased lands, their cost is higher because of lease rentals.

## Storm brewing at tea auctions

# GST WATCH

No clear instruction on conduct of auction, allege trade\

The first tea auction after GST rollout (on July 9) proved a difficult one particularly at the two centres — Coimbatore and Coonoor — in Tamil Nadu as “there was no clear-cut instruction on the conduct of the auction” allege members of the trade.

The South India Tea Exporters’ Association (SITEA) maintained that the Tea Board had directed sale of tea through the auction at the four major centres — Kolkata, Guwahati, Siliguri and Kochi — through registered broker contracts, while the two centres in TN were directed to sell teas under sellers’ contract.

Explaining the difference between a broker contract and seller contract, Hemen Shah, Chairman, SITEA, said there were five registered licensed brokers (in South India) and a couple of more brokers in upcountry centres, who sell the teas on behalf of the producers/sellers.

After the auction, the brokers draw the invoice on behalf of the seller-brokers’ contract. In Tamil Nadu, it has been a sellers’ contract, at least over the last 6-7 years, and the trade had adjusted to the system pretty comfortably. “But under GST, when the Board directs the sale through brokers’ contract in certain centres and sellers’ contract in TN, buyers are confused because they have to maintain two different systems.”

“Moreover, major producers/sellers offer their teas at both the auction centres in TN as well as Kochi in Kerala. Having two different billing vouchers will lead to confusion and is bound to result in a mismatch for both the buyer and seller. A uniform system should be followed across all the auction centres, especially when the Board is working towards a pan India auction system,” said Shah.

A member of the broking community told *BusinessLine* that the billing procedure was not clear (post GST rollout). Stating that the present format is “perfect”, the broker explained that

the seller/producers' products are entrusted to the auctioneers for selling. "The invoice is prepared by us (brokers) on behalf of the seller. We don't own the teas and this incidentally is one of the key conditions for brokers' licence," the broker said, preferring anonymity. The SITEA Chairman noted that there were issues of mismatch even during the earlier VAT regime and continues to remain unresolved. Trade sources said that the claims alone would amount to 5-6 crore.

The buying community feels that the present system is flawed as the seller/producer raises the contract on the buyer who in turn makes the payment to the broker through the settlement bank.

"The sanctity of the contract has now become a question," a buyer said, seeking redressal from the Tea Board for smooth conduct of auction by following one billing system for the entire country. The trade is quite anxious about the outcome at the auction the coming week.

## Business Standard

**Maharashtra govt issue advisory asking farmers to postpone sowing schedule**

Break in monsoon has made conditions unfavourable for sowing



Faced with deficit rainfall in the month of July, the Maharashtra government on Sunday issued an advisory asking farmers to postpone their sowing schedule.

"So far sowing up to 35-40 per cent of the total cultivable area has been reported in the state. But the break in the monsoon has made conditions unfavourable for sowing in the whole last week.

"The state government has sent text messages to farmers asking them to delay their sowing plans till next advisory is issued," Maharashtra chief minister Devendra Fadnavis said.

Though the state government has issued the advisory today, the rainfall data of the state agriculture department stated that except for Amravati and Nagpur division -- remaining four divisions have received good rainfall in June, while the figures of July are on a lower side.

The rainfall data revealed that normal rainfall from July 1 to 9 for Konkan division is 1164.7 mm as against actual rainfall of 217.1 mm. It means Konkan division has received only 18.6 per cent rainfall.

Similarly, the Nashik division has received rainfall of 38.5 mm (16.3 per cent) Pune 49.1 mm (14.9 per cent), Aurangabad 9.6 mm (4.8 per cent), Amravati 20.4 mm (7.8 per cent) and Nagpur 54.2 mm (13.1 per cent).

"It clearly shows that the rainfall in July in the state is still very low and state needs more showers. The central part of Maharashtra -- is more fertile hence we need more showers there than in Konkan or eastern Vidarbha," said a senior officer from state agriculture ministry.



### **Almond production on decline as growers blame Kashmir weather**

As per official data available till 2011, land used for almond production has reduced to 7,107 hectares from 16,418 hectares and production has come down to 6360 metric tons from 16,537 metric tons.



Budgam district is known for its high-quality almond produce, but the recent shift towards apple cultivation has exposed the government's indifference towards growers. (Source: File photo)

There has been a sharp decline in almond production in the Valley in the last few years as growers, fearing losses, have been shifting towards cultivating apples. Mohiudin Yattoo, an almond grower from Central Kashmir's Chadoora area, blamed inclement weather in the summers for the drastic fall in production.

"From past three years, Valley witnessed inclement weather from March and April that drastically affected the production of almonds in Kashmir as majority of growers use an indigenous variety which blooms early," he said, adding that this year the production has doubled in comparison to the last few years

Experts at Sher-e-Kashmir University of Agriculture and Science blame climate change as one of the major factors for the switch over. As per official data available till 2011, land used for almond production has reduced to 7,107 hectares from 16,418 hectares and production has come down to 6360 metric tons from 16,537 metric tons.

Budgam district is known for its high-quality almond produce, but the recent shift towards [apple](#) cultivation has exposed the government's indifference towards growers.

"Now every almond grower thinks that growing almonds brings misfortune and government is least bothered," says Mohammad Shafi, another grower who had recently started planting apple saplings in his almond orchard.

It is now common knowledge among orchard owners that "doing almond business is to embrace misfortune".



Mohammad Hussain, another grower from Central Kashmir, complained that despite the technological advancements in agriculture, the same variety of almonds are being grown in Kashmir from many decades. “Nobody is showing any concern about Valley’s almond growers, despite, the almonds produce in Kashmir are rich in taste,” he said.

“The state government has failed to monitor dry fruit production and it is harsh to see the condition of dry fruit production declining at immense pace. Also, we are using the same old indigenous varieties in almond production,” says Mohammad Shaban, another grower.



Almond blossom trees which are in full bloom, in the Baadam Vaer (almond garden) Park, during spring in Srinagar (Express file Photo By Shuaib Masoodi)

Shiekh Muzuffar, Directorate of Extension Education at Sher-e-Kashmir University, said the almonds are self pollinated and it is during the third week of March every year, almonds starts to bloom and it lasts to 10 to 15 days.

“Form last three years we faced inclement weather between the months of March and April that resulted in the decline in almond production and this quantum decrease forced growers to opt for apple cultivation,” he said.

He said that they have produced different varieties which bloom in the late season.

“We are working on different varieties like Shalimar, Makhdoom and Waris. These varieties are late bloomers, likely in the month of April, as weather remains conditionally good in April as compared to March,” he said, adding that they are also working on selection program and there are chances that SKUAST\_K may be able to get a new variety in coming years.

“The new variety could be a game changer in almond production as almonds will start blooming late as compared to indigenous varieties.”

Director Horticulture, Kashmir, Rafiq Ahmed Hakeem said that inclement weather is the main cause in decline of almond land and production in the Valley.

“Kashmir is heaven for apple cultivation and is more profitable than almond production. So, farmers prefer profitable market which lies in the apple cultivation, which is also a big reason of farmers shifting from almond to apple cultivation.

Hakeem said that varieties like Californian almond are of good quality and are bigger in size. “Nowadays, people prefer Californian almond as compared to local production, which are smaller in size.”

He, however, said that despite all these odds, government is working on addressing this issue. “In coming years we may import varieties from different countries, which will surely improve our almond production. And, more importantly, the horticulture department has identified various nurseries where work on new varieties will take place in coming time,” he said.