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THE HINDU BusinessLine

Paddy transplantation picks up on monsoon revival

A view of the Pokkali paddy fields in Pizhala, one of the tiny islands in the Kochi backwaters where this traditional rice farming is still practiced. (file photo)

In full swing

	This year	Last year	% change
Rice	177.04	169.23	4.62
Pulses	93.36	90.33	3.35
Arhar	29.32	36.30	-19.22
Urdbean	26.71	21.40	24.85
Moongbean	23.09	24.82	-6.94
Kulthi	0.17	0.28	-40.76
Other pulses	14.06	7.54	86.57
Coarse cereals	130.90	129.41	1.15
Jowar	12.08	14.76	-18.16
Bajra	54.46	41.98	29.73
Ragi	2.18	2.47	-12.00
Small millets	2.01	2.03	-0.92
Maize	60.17	68.17	-11.72
Oilseeds	123.55	144.82	-14.69
Groundnut	29.04	32.81	-11.51
Soyabean	84.57	102.84	-17.76
Sunflower	0.95	1.18	-18.99
Sesamum	7.33	7.15	3.14
Castor	1.26	0.58	118.77
Sugarcane	49.15	45.22	8.69
Jute & mesta	7.02	7.54	-6.91
Cotton	104.29	86.86	20.66
Total	**685.31**	**673.41**	**1.79**

Kharif Acreage in lakh ha as on July 21

Acreages under paddy among the key kharif crops advanced the most during the previous week as transplantation of the cereal picked up with the revival of monsoon across the country, aided by the low pressures in the Bay of Bengal. Paddy acreages rose by over 50 lakh ha to 177.04 lakh ha, with States such as Bihar, Madhya Pradesh, Jharkhand and Andhra Pradesh reporting a rise in transplanted areas.

Sowing of other kharif crops, such as pulses, cotton and coarse cereals, has also picked up and overall kharif acreages are higher than normal for the period and over the previous year. However, oilseeds area has seen a decline, mainly on account of groundnut and soyabean farmers shifting to other remunerative crops such as cotton and pulses, mainly urad.

The revival of monsoons has wiped out the cumulative deficit witnessed so far in the season and precipitation over the country as a whole has clocked in a 2 per cent surplus over the normal rainfall for the period.

Only four of the 36 sub-divisions, accounting for about a 10th of the country's geographical area, are now deficient, whereas the remaining sub-divisions have witnessed normal-to-large-excess rainfall on a cumulative basis till date.

South interior Karnataka (-25 per cent), Kerala (-23 per cent), Tamil Nadu and Pondicherry (-20 per cent) and Jharkhand (-20 per cent) have witnessed cumulative deficit till date.

The revival of rains has also resulted in improved of the coutnry as on July 20 was 43.732 BCM, which is 28 per cent of the total capacity of these reservoirs, against 23 per cent in the previous week.

States such as Himachal Pradesh, Punjab, West Bengal, Tripura, Gujarat, Maharashtra, Uttar Pradesh and Chhattisgarh are having having better storage than last year, while Rajasthan, Jharkhand, Odisha, Uttarakhand, Madhya Pradesh, Andhra Pradesh, Telangana, Karnataka, Kerala, and Tamil Nadu have lower storage.

(This article was published on July 21, 2017)

Farm insurance scheme suffers from flawed execution: CSE

India's flagship national agricultural insurance programme — Pradhan Mantri Fazal Bima Yojana (PMFBY) — is found seriously wanting in its implementation at ground level, New Delhi-based Centre for Science and Environment (CSE) said on Friday.

"PMFBY is a classic case of poor implementation of a good scheme," said Chandra Bhushan, CSE deputy director, at a meeting here. This is because at the State level, PMFBY vision is diluted and at the district level, its implementation is seriously compromised, he said, releasing an assessment report on the crop insurance scheme, based on field study by CSE researchers in the States like Haryana, Tamil Nadu and Uttar Pradesh.

Major shortcomings

The CSE study particularly found that there are major shortcomings in crop loss assessment. This is because sample sizes in each village are not large enough to capture of the scale and diversity of crop losses. In many cases, district or block level agricultural department officials do not conduct such sampling on ground and complete the formalities only on paper.

Besides, in many cases, insurance companies did not investigate losses due to a localised calamity and hence, did not pay claims. For example, for kharif 2016, the claim payment to farmers was inordinately delayed till April 2017. Similarly, the claims for kharif 2016 were not paid or were only partly paid in 14 out of 21 States, he said

Moreover, insurance companies charged high actuarial premium rates during kharif 2016 — the all-India rate was approximately 12.55 per cent, which was highest ever. Much higher rates were charged in some States and regions. The average actuarial rate in Gujarat, for instance, was 20.5 per cent, in Rajasthan 19.9 per cent, and in Maharashtra 18.9 per cent, Bhushan pointed out.

According to him, there was no concerted effort by the State government and insurance companies to create awareness on PMFBY among farmers.

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ST raises cost of agri warehousing and cold chains; amendments are need of the hour

Storage and warehousing of agricultural produce has been exempted from GST, clearly with the intent to reduce the tax burden on the farming sector. This is a continuation of the earlier exemption of service tax for these services.

However, while issuing the related notifications, several anomalies have crept in, making the creation of storage and cold chain infrastructure as well as the provision of warehousing services liable for tax. Therefore, while corporates in most sectors appear to be adapting to the new regime with a few glitches, the agriculture infrastructure sector is struggling to come to terms with the changed regime.

The additional GST burden has mainly arisen because while output services have remained outside the tax net, input services are liable to GST without any corresponding opportunity to claim input tax credits. Most agri warehousing companies rent warehouses from small owners of the property. Such owners are likely to remain unregistered suppliers. However, such renting of warehouses by agencies engaged in providing storage and warehousing services is liable to GST under a reverse charge at the rate of 18 per cent.

The GST paid thus is not eligible for input tax credit (ITC), as the corresponding outward supply of warehousing service is exempted from GST.

Since the majority of warehouses managed by private companies are leased ones, the above situation implies an 18 per cent increase in the cost of warehousing, and defeats the very purpose of GST exemption for storage of agricultural produce. The tax burden will inevitably be passed on to farmers in the form of higher price for storing goods in the absence of any viable alternative for warehouse agencies. This will directly feed into the cost of agricultural produce.

The second issue is the rise in cost of warehousing or cold storage construction with GST. Earlier, most services pertaining to the construction of agri-storage infrastructure and foodgrain handling systems were exempt from service tax. With GST, the exemption list has been minimised.

The construction of warehouses as well as cold storages for agricultural produce are now liable to 18 per cent GST.

No ITC can be taken on this, with outward supply of warehousing service being out of the GST ambit.

Modern infrastructure

Another roadblock lies ahead for companies engaged in the creation of modern agriculture storage infrastructure like silos and cold storages. Earlier, imports of project equipment used to create facilities to store agriculture commodities — like mechanised handling systems and pallet racking systems — attracted only a basic customs duty of 5 per cent and were specifically exempted from countervailing duty and special additional duty. The same exemption has not been extended under GST. These imports now attract 18 per cent IGST coupled with the existing 5 per cent basic custom duty. The companies in question will yet again not be able to avail of any ITC, as the corresponding outward supply of warehousing service is exempt from GST.

This will result in a spike in the cost of imported machinery, deterring the creation of modern agri infrastructure. This again defeats the purpose of extending exemption to storage of agricultural produce.

Unless correctives are immediately applied farmers will see a rise in storage costs, and investment in this sector will eventually increase the burden on the supply chain, contrary to the government’s objectives.

There is a need to extend GST exemption under reverse charge when the services are used to store agricultural produce. Secondly, the renting of immovable property for storage and warehousing of agricultural produce needs to be exempted from GST.

Finally, exemption under the earlier service tax regime for construction of warehouses including cold stores, and exemption provided for import of project equipment used for agri-storage infrastructure, need to be carried forward in the GST regime.

These amendments are of utmost importance to ensure the viability of private agencies engaged in providing storage and warehousing services for agricultural produce, a service which is the backbone of India’s agriculture sector.

(The author is MD & CEO, NCML. The views expressed here are personal)

(This article was published on July 21, 2017)

Crop insurance scheme: Public audit of private insurers, a must

There is no independent regulator to scrutinise the implementation of the crop insurance scheme

Centre, States need to take steps to implement proposals effectively

The Comptroller and Auditor General has called for public audit of private insurance companies as they have been given huge funds as subsidies from the public exchequer.

In its performance audit report of Agriculture Crop Insurance Schemes, the government auditor said, while huge funds were provided to private insurance companies, there was no provision to check whether the funds were properly utilised.

It also said the Centre and the State governments should take steps to ensure effective implementation of crop insurance schemes in the country.

Even though the report dealt with crop insurance schemes that were in existence in the country from 2011 to 2015, the observations hold true for the new crop insurance – Pradhan Mantri Fasal Bima Yojana (PMFBY) – which came into being in January 2016. Currently, there is no independent regulator to scrutinise the PMFBY implementation, where private insurance firms play a much bigger role than ever, said a senior official of a state-run insurance company.

Lack of awareness

The government auditor also took exception to the lack of efforts on the part of governments to inform farmers about the insurance schemes as well as the benefits that will accrue to them.

CAG auditors found that almost two-thirds of nearly 6,000 farmers they contacted from different States weren't aware of the crop insurance schemes.

It also pointed out that the Centre or State Governments lacked adequate grievance redressal system and monitoring mechanism for speedy settlement of farmer complaints.

India has been insuring major agricultural crops in the country since the launch of Comprehensive Crop Insurance Scheme (CCIS) in 1985. The schemes were subsequently rechristened several times always expanding in scope and coverage. The one currently operational is the PMFBY.

Delay in fund release

The report also pointed out several instances in which the State governments failed to release of funds on time, leading to delays in release of insurance compensation to affected farmers, defeating the very purpose of providing timely financial assistance to the farming community.

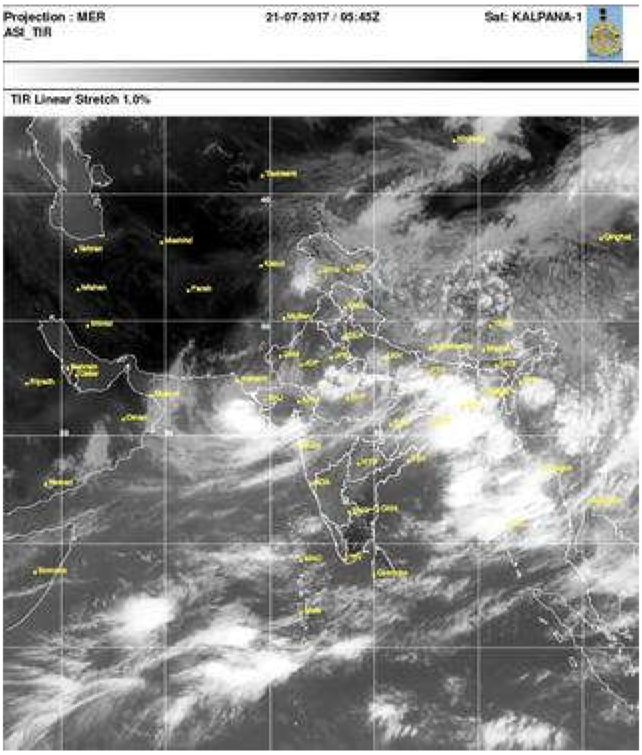
The CAG also took the state-owned Agricultural Insurance Company of India to task for failing to exercise due diligence in verification of claims by private insurance companies before releasing funds to them.

A spot check by the CAG in 12 districts in the States of Andhra Pradesh, Maharashtra, Odisha and Telangana found that the area insured exceeded by 17.33 lakh hectares during 2011-12 and 2015-16.

“The discrepancy in insured area in excess of sown area indicates that while collecting premium from the farmers, banks or financial institutions were not ensuring that the farmers had actually sown the declared crops for which they have availed the crop loan,” it said.

(This article was published on July 21, 2017)

Reigning 'lows' put western half of country on weather alert



Two low-pressure areas looking eye to eye from both sides of an imaginary border separating West and Central India will sustain strong monsoon conditions today.

Both are feeding into each other to maintain the status quo ante; normally, one blinks the eye in such a scenario, giving the other the right to dictate weather.

'FUEL LINES' OPEN

But no such quarters are either sought or given here, since each is able to draw in moisture from the seas closest - the Arabian Sea to the West and the Bay of Bengal to the East.

The 'low' that gains from the fuel lines traced to the Bay of Bengal is situated over North Madhya Pradesh this morning. This was a full-fledged monsoon depression to begin with.

The counterpart 'low' is of recent origin, spinning up over Gujarat as an aftermath of enhanced flows that the depression had triggered from the Arabian Sea as well.

This 'low' has since been pushed west over Kutch, where it has been traced this morning.

COMBINED STRENGTH

The two systems have combined to put extreme North India, the entire western half of the country, Central India, and extreme South India under a weather alert today.

The situation might ease once the 'low' over Kutch weakens and signs out, though the other one will continue to loiter over Rajasthan and adjoining North-West India.

The respite might not last long since there are signs that another low-pressure might be shaping up over North Bay of Bengal over the next four or five days.

This too is expected to take a belt of heavy rain from East to Central India and to the West along a track made familiar by two predecessors.

Parts of the North and North-West and Peninsular India are also expected to make gains as the wet spell sustains variously into practically the whole of the next week, forecasts suggest.

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The Indian EXPRESS
JOURNALISM OF COURAGE

Nagpur-Mumbai Expressway to boost agro-industries, attract investments in food processing sector: CM Fadnavis

Even in the integrated cold chain and value addition infrastructure, Maharashtra has become a leading state in the country. Of the total 238 projects approved across the nation, 50 are in Maharashtra. The total projects completed are 103 in the country of which 24 are in Maharashtra.

The Mumbai-Nagpur Expressway (File photo.)

The Nagpur-Mumbai Super Communication Expressway aimed to bridge the rural-urban divide will also give a boost to agro-industries, opening up the doors for higher investments in the food processing sector, Chief Minister Devendra Fadnavis said here on Friday.

The Ministry of Food Processing has sanctioned three mega food parks out of the total 42 across the country to Maharashtra.

While M/s Paithan Mega Food Park Pvt Ltd, in Wahegaon village (Aurangabad) is under implementation stage, M/s Satara Food Park Pvt Ltd in Deogaon village (Satara) is ready for operation, whereas M/s Wardhan Mega Food Park Pvt Ltd at Sindhivihri village in Karanja tehsil of Wardha is under implementation stage.

Even in the integrated cold chain and value addition infrastructure, Maharashtra has become a leading state in the country. Of the total 238 projects approved across the nation, 50 are in

Maharashtra. The total projects completed are 103 in the country of which 24 are in Maharashtra. The projects under implementation are 135 including 26 in Maharashtra.

The projects entail cold chain and preservation infrastructure from farm gate to consumer and enhance the agriculture produce. The maximum grant from centre for each of these projects is Rs 10 crore. The state's share in food processing industry in the industrial sector is 11.1 per cent. The state is number one in horticulture.

The key crops are sugarcane, cotton, onion, banana, grapes, mango, pomegranate and oil seeds. The chief minister said, "The Samruddhi Corridor with 24 nodes (townships) will boost agro-industries and provide the biggest platform for the food processing sector."

According to a National Bank for Agriculture and Rural Development (NABARD) report, almost 30 to 40 per cent of the vegetables and fruits are wasted due to lack of food processing infrastructure in Maharashtra.

Across India, the estimated value of harvest and post harvest losses is Rs 92,651 crore according to reports of the food processing ministry. The robust market value chains complete with food processing units at the farm source coupled with cold storages and related infrastructure would help farmers in the drought-prone district an assured market andhigher income, said the chief minister.

"There is a great demand for investments in food processing sector from Central Asian countries in Maharashtra. Apart from foreign direct investments they are also ready to process the food at the source."

The state which has immense potential will lead the way in food processing sector and government is ready to provide the required infrastructure and administrative support, the chief minister added.

There are two sectors which promise higher growth potential. One is financial services and the other is food processing sector. The policy drive along with reforms in the ease of doing business provides a conducive political and administrative base for investors both foreign and domestic in Maharashtra, the chief minister observed.

Badal lauds state for reforms

Union Minister for Food and Processing Harsimrat Kaur Badal has lauded Maharashtra's policy reforms and leadership in the food processing industry. The state is expected to play a significant role in the partnership with the Centre at World Food India-2017 beginning from November 3-5.

hindustantimes

Crop insurers made Rs 10,000 crore profit amid agrarian crisis: CSE

The CSE report shows that insurance companies had only settled 32.45% of the claims made till April 2017.

A farmer rests on a heap of harvested rice crop at a wholesale grain market in Chandigarh.(Reuters File Photo)

An independent evaluation of the Modi government's much-touted crop insurance scheme has showed that insurers gained nearly Rs 10,000 crore in gross profit during the last kharif season, from June to November 2016.

However, it settled less than a third of the crop-loss claims filed till early this year.

The report released on Friday by the Centre for Science and Environment (CSE) showed state-level "implementation gaps" in the Pradhan Mantri Fasal Bima Yojana (PMFBY), which replaced the previous National Agricultural Insurance Scheme in April 2016. These discrepancies could negate the benefits accorded by the scheme to farmers, the non-profit think tank said.

The CSE report cited state-wise data from the ministry of agriculture and farmers welfare to show that insurance companies had only settled 32.45% of the claims made till April 2017.

While farmers raised claims for nearly Rs 6,000 crore, they were paid less than Rs 2,000 crore.

Citing data from the Insurance Regulatory and Development Authority of India, the CSE pointed out that insurance companies grossed more than Rs 15,891 crore in premiums.

The claims amounted to a little over Rs 5,962 crore. Of this, less than a third was paid out. “Data released by the IRDAI indicates that the PMFBY played a significant role in the non-life insurance industry in financial year 2016-17,” the report added.

However, insurance companies contended that the gap between the premium collected and the claims processed will go down as the scheme covers more farmers. “Kharif 2016 was a good period for agriculture. There was undoubtedly a surplus this time, but it’s like a reserve for the future. Claim settlements are still on,” said Ajay Singhal, deputy general manager (crop insurance) at the Agriculture Insurance Company of India.

The premium for crop insurance under the government scheme is heavily subsidised, with the Centre and state governments pitching in to share subsidy costs. However, the think tank’s findings suggested that state governments – in several instances – wanted to keep their outflows low.

While the state government’s share of the premium for the 2016 kharif season was Rs 650 crore in Bihar, about a quarter of its annual agricultural budget, Madhya Pradesh paid nearly Rs 1,500 crore, which is 60% of its annual budget. “The economics of poor states does not allow for a 50-50 sharing formula with the Centre. The government should come up with a graded subsidy-sharing arrangement,”?said Chandra Bhushan of the CSE.

Though the report described the PMFBY as “a classic case of poor implementation of a good scheme”, it also mentioned a few positives that arose through the central initiative. Foremost among them was the fact that farmer coverage had crossed four crore, a gain of nearly 25% over the previous year. The PMFBY narrows the gap between the actual cost of production and the sum insured, a major impediment faced by farmers in previous versions of the insurance scheme.

Incidentally, the implementation-related shortcomings listed in this report are strikingly similar to the discrepancies found by the Comptroller and Auditor General (CAG) of India in crop insurance schemes that were in effect between 2011 and 2016. The CAG report was tabled in Parliament on Friday.

The CAG findings say even though the Centre released its share on time, delay on the part of the states “defeated the objective of providing timely financial assistance to the farming community”. It stated that while coverage of farmers under the schemes was “negligible”, two-thirds of the subjects surveyed were not even aware of them.

Business Standard

Arhar, soybean, sunflower acreage likely to remain less than last year

Sowing of many kharif crops have completed in almost 70% of the normal area this season so far

With sowing of many kharif crops completed in almost 70 per cent of the normal area, farmers would appear to be increasingly responding to price signals.

Sowing will continue for some more weeks and should get a boost from monsoon revival. However, unless there is a big lift, the total area under arhar (red gram), soybean, groundnut and sunflower seems likely to remain less than last year, indicated official data issued on Friday. Sowing of many kharif crops is complete in almost 70 per cent of the normal area covered.

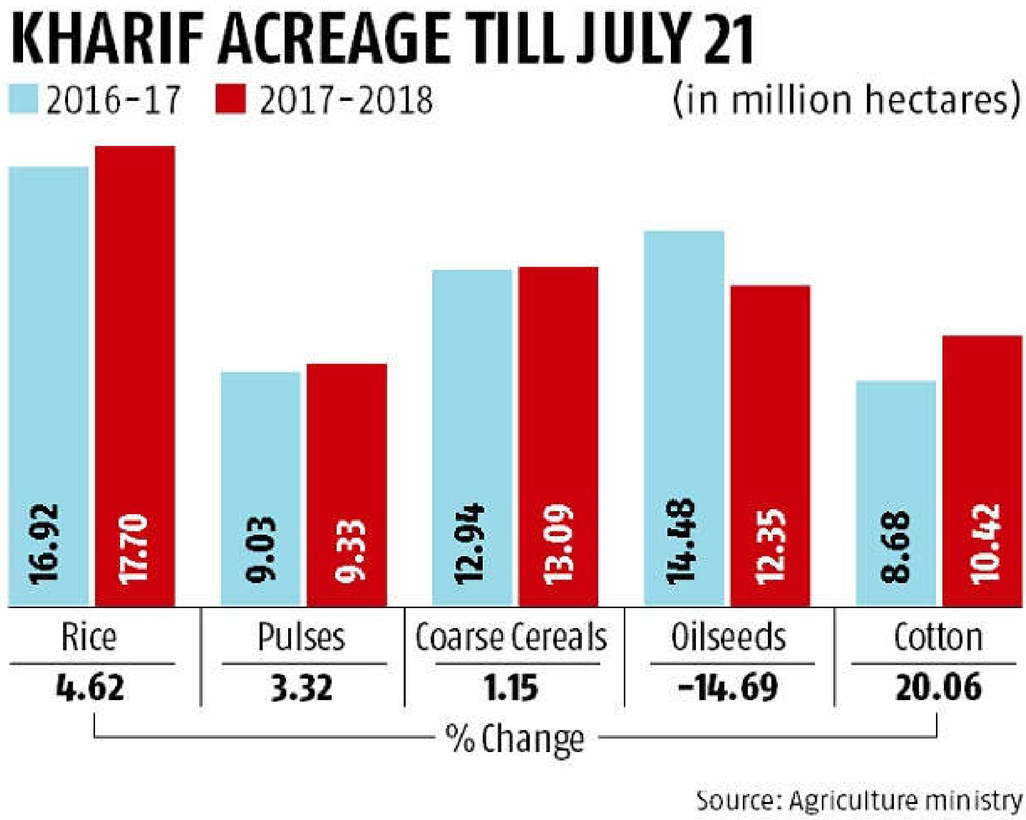
Last year saw a sharp fall in prices of many crops, forcing central and state governments to intervene and purchase directly from farmers. In soybean, retail prices have remained around Rs 3,000 a quintal for two years. In arhar and moong (green gram), it dipped to around Rs 4,500 a qtl, much lower than the Centre's minimum support price (MSP) of Rs 5,050 a qtl and Rs 5,225 a qtl, respectively. The MSP of soybean was Rs 2,775 a qtl for 2016-17.

The price drop has also led to widespread farmer unrest across the country.

Data from the department of agriculture showed that till Friday, the area under arhar was 19.2 per cent less than last year at this time. That under soybean, groundnut and sunflower seed was around 17.8 per cent, 11.5 per cent and 19 per cent less.

The acreage seems to have shifted to cotton in some parts, particularly so with soybean and groundnut.The area under cotton has risen almost 21 per cent as compared to the same period last year.

Overall, till Friday, around 68.5 million hectares was brought under kharif crops. This is nearly two per cent more than the same period last year and a little over five per cent more than the normal area (past five years' average) sown.



The southwest monsoon, meanwhile, showed strong signs of revival across parts of the country, with the week ending Wednesday recording 11 per cent excess rain. India Meteorological Department says the country got 75.3 mm of rainfall during July 12-19, the normal being 67.6 mm.

The extra showers were largely concentrated in the central and western parts. These pushed the overall average into positive territory and the cumulative average for the entire season, as on Wednesday, was one per cent more than normal. Till a week earlier, it was one per cent below normal.