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THE HINDU

Forest Minister distributes drought relief to farmers

Our aim is to continue Jayalalithaa's rule, says C. Srinivasan

The opposition parties and OPS faction of the AIADMK are trying to politicise the death of former Chief Minister Jayalalithaa. There is no need to deceive people in this connection. The only aim is to continue Jayalalithaa's rule for the next four and a half years, said Minister for Forests C. Srinivasan.

Distributing drought relief to farmers and welfare aid to beneficiaries at a function held at Thamaraipadi village near here on Tuesday, he said that medical reports clearly stated that her death was natural. But the opposition parties and a few other persons in the OPS faction were trying to use it for political gains.

"People should not believe such false propaganda. We have thwarted an attempt to capture the party and the government. The AIADMK government will complete its four-year term successfully and implement all schemes chalked out by Ms. Jayalalithaa," he assured.

Drought was a big challenge to the government. The entire state was affected by it. With no agricultural activities owing to drought, several problems were cropping up.

In Dindigul, 54,656 acres of land were affected. A sum of Rs. 112.51 crore would be disbursed as drought relief and 1.23 lakh farmers would benefit from it, he said. Collector T.G. Vinay said that efforts were on to provide relief to all drought-affected farmers in the district.

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Collector N. Venkatachalam said Rs. 15.85 crore had been sanctioned for drought relief. A total of 17,094 farmers would benefit. Agriculture crops in 12,247 hectares and horticulture crops in 4,998 hectares had completely withered.

Each farmer would get a minimum compensation of Rs. 1,000. Farmers in the rainfed area would get a compensation of Rs. 7,410 per hectare, those in irrigated areas would get Rs. 13,500 per hectare and farmers who lost perennial crop would get Rs. 18,000 per hectare.

Rain brings relief to residents

Residents of Sathyamangalam town and surroundings are a relieved lot in the wake of a downpour in the intervening night of Sunday-Monday. Though the rain may not be of much utility for agriculture at this juncture, the fear of drinking water scarcity during summer has abated, local people say.

The 71 mm rainfall has reflected in storage on water bodies. People are hopeful that the groundwater recharge would also be of immense utility during the months ahead. T

here was significant rainfall of 41 mm in Bhavani Sagar as well. However, the rainfall made no difference in the Bhavani Sagar dam since there was no rainfall in the catchment area.

THE HINDU BusinessLine

If we want agriculture to survive

Farmers must get a fair price for their crops and good labour to work their fields, for anything to change

The Budget was expected to provide agriculture with a shot of intravenous adrenaline. What we got, instead, was familiar lines. The finance minister's offer consisted in the main of agricultural credit, crop insurance and electronic trading platforms. The farmer would dearly love to see electronic trading eliminate middlemen, but when and how would this happen? What is on offer is not some gritty action but expression of intent, which is already old hat. The farmer does, of course, need credit, but how would he pay it back without a decent price for his produce? Insurance, finally, is a complete no-no.

We had hoped that this government would be different, but that hope is fading. There is an uncanny similarity between now and 2008 when P Chidambaram announced loan waiver as the panacea to agrarian distress. "This government," as he put it, "has stood up and has said: Count on us; we are in favour of farmers."

His silver bullet might have helped the Congress win the election but did nothing for the farmer. The response of the political class to the farmer's plight is to play around with loan waiver, subsidies, minimum support prices and distress tourism. Will this government break out of symbolic gestures and political gimmickry to address the real issues?

The real concerns

As a farmer, I want to highlight two issues that are at the core of farmer distress. Neither of them may be new, but they are crying out for attention and need restatement until they are addressed. What the farmer wants, above all, is a fair price for his produce. All kinds of forces stand in the way — control over the movement of goods, the need for certification by government officials that what is being transported is the farmer's own produce, compulsion to sell to a specified buyer or in a market yard, government-controlled auction centres where officials and buyers are in cahoots, layer upon layer of middlemen who mediate between grower and consumer, and the absence of any credible means of price discovery.

I have grown all kinds of crops, and the problem is the same everywhere. Zoning restrictions force me to sell my sugarcane to the factory in my village. To transport turmeric from my farm to the auction centre 30 km away, I must obtain a certificate from a village official, which comes at a price.

When I find a buyer for my bamboo, he wants an official to certify that it was grown in my farm and not stolen from a government forest. When I cut teak trees in my farm to make windows for my house, the forest officer has to certify that I did not fell government-owned trees. The Government is not the farmer's solution. It is his problem.

Ubiquitous middlemen

The countryside is bristling with middlemen. I go through a middleman to sell just about anything, whether it is coconuts, corn, bananas or a cow. The more the middlemen the greater the arbitrage and wider the gap between the farm gate price, which is what I get, and what the end consumer pays. The farmer would be very pleased if he got 40 per cent of what the end consumer coughs up. Twenty-five per cent is closer to the norm.

The farmer has a handicap while dealing with traders and brokers. He cannot get real-time information on the going price whereas they are clued in to the market. Price discovery and market information are critical when prices swing wildly from day to day. The farmer has nothing better than teashop gossip to go by. The Government thinks that access to the net will solve this problem. It won't.

Just two weeks ago I sold my coconuts for a never-before price. I quoted Rs. 13 a nut and got it. Six weeks ago I had sold my earlier crop for a mere Rs. 8 a nut. Price information from the commodities section of *BusinessLine* was the key, but it does not report on coconut prices every day. So I browse the net and the search engine takes me on a merry-go-round. Finally when I seem to be getting somewhere I open a page and it gives me coconut prices for the year 2014.That is the story for any agri-commodity. The farmer wants a dedicated site that will give real-time price, and that does not exist.

The second issue is labour. Cost is a problem, but the bigger problem is availability. Agricultural labour is a lowbrow activity fit only for those who cannot do any better. No one with any education wants to work in a field. Young people won't come either. That leaves agriculture with an ageing workforce, mostly women. Men and women commute to urban centres, travelling up to 100 km and ready to work for up to 14 hours for Rs. 200 to get away from agriculture. Agriculture offers nearly as much and the work is only six hours, but no one wants to come. Agriculture has an image problem.

Forced to make do

Labour shortage forces the farmer to cut corners. Take sugarcane, a truly labour intensive crop raised all over the country. During its 12-month life, the crop must be weeded three times, the soil turned over, dry leaves removed, and the culms tied into neat bundles to let sunlight penetrate the crop. With rising cost and growing scarcity of labour all three have now been compressed into one operation. The yield has, as a result, plummeted from over 50 tonnes an acre to less than 40.

The farmer is looking for mechanisation to help him through this crisis, but it does not exist. The only mechanisation I have seen, apart from a paddy harvester, is the tractor that has been around for 50 years. The factory in our village brought two enormous sugarcane harvesters, but our holdings are too small for them. Surely, it is not beyond human genius to fabricate machinery suited to small holdings.

What stands in the way is economics, and not technology. That is where the Government should step in if it really wants to help the farmer. Without a fair price for the produce and meaningful mechanisation, agriculture will go down the chute and doubling farm incomes will remain a pipe dream.

The writer is a labour relations and HR consultant, and farmer

MCX cotton may test a key resistance point

Cotton prices are on a strong footing. The cotton futures contract traded on the Multi Commodity Exchange has surged 13.3 per cent so far this year and currently trades at around Rs. 21,560 per bale (of 170 kg).

Strong demand from domestic millers as well as export demand has aided this rise.

The rally in cotton prices is anticipated to sustain as demand fior the commodity is expected to remain high.

Prior to the recent rally, the MCX cotton futures contract was on a strong downtrend and has been so since July 2016, when it tumbled about 24 per cent from a high of Rs. 23,990 per bale. The contract halted at a low of Rs. 18,250 in November.

After a brief consolidation for about a month, the contract reversed higher, signalling the end of the downtrend.

Trend reversal

The strong break and a rise above Rs. 20,500 confirms the trend reversal in the contract.

The current uptrend is intact. But there is a key resistance coming up at around Rs. 21,800 — the 61.8 Fibonacci retracement level. A test of this resistance is likely in the near term.

Whether the contract breaks above this hurdle or not will decide the next leg of movement.

Any inability to break above the Rs. 21,800 mark may trigger a corrective fall.

A pullback from this resistance point can drag the MCX-cotton futures contract lower to Rs. 21,000 or Rs. 20,800.

On the other hand, if the cotton futures contract manages to breach Rs. 21,800 decisively then the uptrend can extend to Rs. 22,500 or even Rs. 22,700 thereafter.

Since the MCX-Cotton futures contract has been on a continuous rally over the last couple of months, the uptrend could be ripening for a corrective fall.

This leaves the possibility high of the contract reversing lower from Rs. 21,800 in the coming weeks.

Note: The recommendations are based on technical analysis and there is a risk of loss in trading.

Upside limited for MCX's zinc futures contract

The Zinc futures contract on the Multi Commodity Exchange has slumped over 6 per cent from its high of Rs. 193.3 a kg in the past week. This fall has dragged the contract decisively below a key support at around Rs. 185.

The contract is currently trading at around Rs. 180.6 . The level of Rs. 185 will now act as a strong resistance for the contract. An immediate break above this hurdle might not be easy at this moment. Immediate support is at Rs. 179.6 — the 100-day moving average.

If the contract manages to sustain above this support, a rise to Rs. 185 is possible in the near term. In such a scenario, a range bound move between Rs. 180 and Rs. 185 can be seen for some time. The bias on the chart is negative. The upside in the contract is expected to be capped at Rs. 185.

An intermediate bounce to this level may find fresh sellers coming into the market.

An eventual break below Rs. 180 can see the downward move extending to Rs. 175 or even Rs. 170 in the coming weeks.

Traders with a big risk appetite can wait for a bounce and go short near Rs. 185. A stop-loss can be placed at Rs. 190 for the target of Rs. 175.

The downside pressure in the contract will ease only if it rallies above Rs. 190 decisively. But such a strong surge looks unlikely in the near-term.

Note: The recommendations are based on technical analysis and there is a risk of loss in trading

Sugar industry prunes production estimate

The sugar industry has pruned its production estimate for the 2016-17 sugar season (October-September) to 203 lakh tonnes from the previously estimated 213 lakh tonnes due to the drought affecting sugarcane yields in States such as Maharashtra and Karnataka.

In 2015-16, sugar mills had produced 251 lakh tonnes of sugar.

"After detailed discussions and considering the views of members representing the respective States, ISMA is of the opinion that sugar production in 2016-17 would be around 203 lakh tonnes," an official statement from the Indian Sugar Mills Association (ISMA) said.

The industry body, however, stated that despite a drop in production, the closing balance of sugar this year would be about 40 lakh tonnes, which would be enough to meet the domestic requirement till November 2017.

Actual sugar production in the on-going sugar season till February 28 is estimated by ISMA at 162.45 lakh tonnes.

This is lower by about 18 per cent from the 199.43 lakh tonnes of sugar produced in the comparable period last season.

Yields plunge

Explaining the reason for the downward revision from the January estimate, ISMA said it was due to the fact that the yield of sugarcane harvested in January and February in Maharashtra, Karnataka, Andhra Pradesh and Telangana, which were badly affected by a drought in the last couple of years, turned out to be substantially lower than what was being expected.

“In some areas, the yield per hectare in the month of February 2017 was 40 per cent to 50 per cent lower than last year at the same time.

In addition to this, higher need of seed for increased acreage, especially in Maharashtra, resulted in lower sugarcane availability for crushing this season,” the release said.