

# Agro-Economic Alerts

*Aiding the Future of India's Farmers and Agriculture*



For kind attention of:  
The Hon'ble Prime Minister's Office,  
the Ministry of Agriculture and Farmers Welfare,  
and all others interested

Emerging critical situations and threats in India's agricultural economy

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## Alert 1: Need for worker welfare in Tamil Nadu's salt sector

### Key highlights

- India is third largest salt producer in the world. In India, Tamil Nadu stands next only to Gujarat in production.
- The national branded salt segment is performing strongly, yet following problems exist:
  - Workers in the salt sector struggle for a sustained living
  - Gender bias is prevalent in the sector
  - Lack of basic amenities for the workers
  - Threat from urbanization
  - Threat from climate change
  - Workers suffer from ailments such as, occupational diseases including chronic dermatitis, loss of vision and hypothyroidism

### Observations

- There is no adherence to the payment of minimum wage.
- Medical ailments have been synonymous with this sector owing to the prolonged exposure to heat. With lack of basic amenities and safety measures, the probability of persons getting affected due to ailments relating to eyes and kidneys, are multiplying.
- Despite the norms available as per the law and also the

example of practices undertaken in Gujarat, the basic safety measures and the education on this is missing in Tamil Nadu.

- Climate change adds to the woes as salt production is basically seasonal.
- As women are engaged in this sector at large, their families, especially children are left behind home as the salt work begins as early as 2 a.m. and stretches up to 3 p.m.
- Tremendous urbanization and construction of buildings in the agricultural lands is a severe hindrance to salt extraction.
- The availability of trade unions in the sector is limited and hence their influence over the salt manufacturers is not much.

### Actions suggested

- Providing of mandatory medical coverage to persons directly involved in the salt extraction.
- Periodical check, strict inspection and action for default in providing basic amenities.
- Ensuring the availability of Iodized Salt to the workers.
- Besides aid and support from the concerned state government and United Nations Development Program projects, there must be regulation and strict follow up on implementation of schemes and welfare measures.



**Figure 1:** Workers in the salt pans of Tamil Nadu.



**Source:** <http://www.thoothukudilive.in>, <https://www.thebetterindia.com>

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### Information sources:

Field interaction with workers in salt pans and various local news reports.

## Alert 2: Coconut production in Kerala hit as costs rise

### Key highlights

- Kerala's contribution to national coconut production has been gradually diminishing.
- For the current year, Kerala Agricultural Prices Board (KAPB) lists the cost of production as Rs. 8.74 per coconut whereas farmers report that the actual cost is approximately Rs. 20.
- KAPB reports an increase of Rs. 3.82 per coconut in cost of production over last few years in the state.

- Under-reporting of the actual costs of production hits the farmers in cases of crop insurance, agricultural credits and natural calamity compensation.
- When approached for agricultural loans, banks only consider the official cost estimates.
- This has led to a gradual decline in coconut farming in the state.

## Observations

- As per government estimates, the total cost increase per coconut is about Rs. 4 in recent year.
- The main reason for the difference between cost of production calculated by the Board and the farmers actual cost is the high wage rate.
- The labor wage in the state has jumped from Rs. 175 per day during 2001 to a level of Rs. 700-750 in 2017, for various reasons including labor scarcity.
- Farmers complain of a lack of consultation about the cost of production calculations.
- Coconut is a long term commercial crop, making shift away from it is difficult. Thereby, farmers' welfare is being severely affected.

## Actions suggested

- A re-estimation of the actual cost of production for coconut is urgently required in consultation with farmers.

- High real wage rates should be accounted in the calculations.
- Efficient and widespread implementation of mechanization of coconut production (especially, picking) is required.
- Kerala has not made tangible progress in product diversification and by-product utilization in coconut industry except for the traditional activities such as oil milling and coir processing. Efforts by the government in the diversification of coconut products would help the farmers substantially.

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### Information sources:

Field visits and interactions with farmers and traders, Publications of the Kerala Agricultural Prices Board, Malayala Manorama Daily.

## Alert 3: Bhagalpuri Katarni paddy facing threat of extinction

### Key highlights

- Bhagalpur region in Bihar, has been a traditional aromatic rice growing area. It is internationally known for: (i) Traditional Ghouriya Katarni, (ii) Tulsi Manjari, (iii) Katarnibhog, (iv) Badshahbhog, (v) Br-9 & Br-10, (vi) Kamini.
- Katarni is photoperiod-sensitive, tall and hence, susceptible to lodging and several diseases and pests.
- Soil erosions and sand mining have led to fall in Katarni's yield and acreage.
- For over a decade, low quality Sonam rice has been polished using hazardous chemicals and is adulterated with Katarni.
- It has led to huge decline in farm gate price of Katarni, making it unviable and unattractive for farmers.
- Unless stopped, Katarni species will become extinct.

### Observations

- Katarni paddy historically accounted for 50 percent of total paddy cultivation in Bhagalpur district.
- Floods, soil erosion and sand mining have led to shrinking of areas under Katarni to 1/6<sup>th</sup> of earlier levels.
- For the past ten years a low quality rice, Sonam, is being used to adulterate Katarni.
- Recently police uncovered a racket where hazardous

chemicals were used to give shine to Sonam rice and then it could be sold as Katarni.

- This has led to a decline in primary demand for Katarni. Both acreage and farm gate prices have fallen.
- Katarni paddy cultivators are facing huge losses and are moving away from its farming.

### Actions suggested

- Farmers should get an assured MSP for Katarni paddy so that they do not have an incentive to grow Sonam rice.
- Check dams on river Chandan, the only source of irrigation need to be constructed at these points (i) South of Purani, Hadwadand, (ii) Bhawanipur-Kamalchak, (iii) Singhnan, (iv) Tnlara on Khalkhaliya river, (v) near Salempur, and (vi) near Modipur villages.
- A High Court ban on sand mining should be enforced.
- Bhagalpuri Katarni Dhan Utpadak Sangh may be given adequate financial and administrative assistance by the government for (i) procuring marketable surplus of Katarni directly from its growers, (ii) storage, (iii) processing by installing its own mill, (iv) branding, and (v) marketing.
- Increased vigilance by food inspectors and local police to identify adulteration and strong judicial action against culprits.



Figure 2: Katarni rice and paddy.

Source: <http://www.sarvottamricemill.com/portfolio.html>



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## Alert 4: Price volatility hurts onion farmers

### Key highlights

- The productivity of onion is very low in India despite the fact that the country ranks second in the production of onion globally.
- Among the different onion growing states, Maharashtra tops in area and production, followed by Karnataka, Madhya Pradesh and Andhra Pradesh. Maharashtra has the highest share both in area (46%) and production (36%).
- Onion price has been witnessing volatility due to reasons such as;
  - Climatic variability
  - Concentration of major production in a few states
  - Lack of scientific storage capacity/structure
  - Transport inefficiencies
  - High retailer mark ups
  - Export ban and arbitrary practice of fixing Minimum Export Prices (MEP) for onion

### Observations

- Annual production of onion is estimated to be about 209.31 lakh tons from an area of 13.20 lakh hectares with the productivity of 15.86 tons/ha.
- The total exports of the country stood at 3,492,718 MT valued at Rs. 465,172.25 (2016-17). Nashik district in Maharashtra contributed 80% of the total exports.
- Maharashtra has relatively less irrigation potential. Raising production through increasing area may not be feasible without reducing the acreage under other important high value crops. As such if acreage does not increase (in other suitable areas/states/regions of the country) to meet the growing demand, price will increase.
- Lack of scientific storage capacity leads to spoilage, and farmers suffer on two counts – Shrinkage of the crop, which leads to about 25 percent weight loss and, about 15 percent is spoiled due to damage.
- Further, market expectations of traders, collusion and price fixing among traders and commission agents (trade cartels) also hurt the farmers.

### Action suggested

- Onion production in suitable areas across different states should be encouraged to reduce losses occurring from lack

of or expensive transportation due to concentrated centres of production (especially, Maharashtra).

- Export ban on onion and arbitrary fixation of MEP should be avoided, as these will have long run effects on market functionaries and farmers.
- Technology for designing of cold storage should be upgraded, which would enable the crop to remain in the same condition without any shrinkage or spoilage.
- Onion cooperatives must be encouraged.
- Increasing plantation of onions with suitable varieties could address the supply gap during the slack period, thereby stabilizing prices during the year.

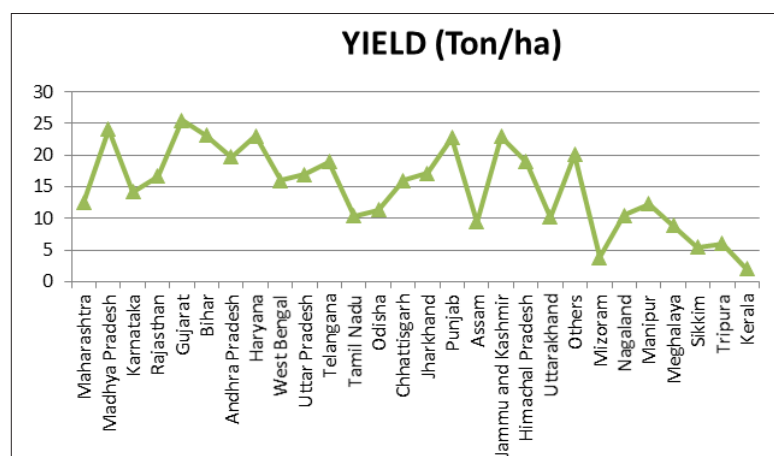


Figure 3: State-wise onion yield (2015-16). Source: AERC, Vallabh Vidyanagar

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#### Information sources:

Field observations and over phone discussion with field staff, as well as published sources.