

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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Compiled and Edited by
Center for Management in
Agriculture (CMA)
Indian Institute of Management
Ahmedabad
Contact: Prof. Ranjan Ghosh or
Prof. Vasant P. Gandhi
Chairperson CMA
cma@iima.ac.in
Phone: +91-79-6632-4651

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Alert 1: Farmer suicides in Maharashtra

Key highlights

- Farmer suicides have been on a rise in Maharashtra in the last few years. There were 62 reported suicides in 2001, which increased to 2376 in 2006 and further to 3228 in 2015. In 2016, 2835 ended their lives due to agrarian distress.
- The regions of Vidarbha and Marathwada alone constitute 74 percent of the total suicides in the state.
- A sample survey was conducted in major cotton and soybean growing belts in these two regions.
- Cotton and soybean are water intensive. In 2015-16, only 3 percent land under cotton and 0.4 percent land under soybean received irrigation.
- Additionally, due to high seed and input costs, farmers need high credit.
- When monsoon failed in 2015-16, farmers got caught in debt trap and unable to return the money, many ended their lives.

Observations

- Soybean and Cotton were found to be the major crops in the sampled households with a cropping share of 63 percent.
- Soybean is a short duration crop and occupies 88.16 percent of the area under oilseeds.
- After the introduction of Bt. Cotton, acreage under Cotton in Maharashtra doubled.
- However, severe drought conditions in 2015-16 brought about sharp fall in yield of both Cotton and Soybean.
- In 2015-16, cotton yield of 324 kgs. per hectare was very low compared to 622 kgs per hectare in Gujarat. Similarly for soybean, yield reduced drastically by 70 percent.
- This made farmers default on institutional credit and forced them to borrow from informal sources at very high interest rates.

Figure 1: Yields of major crops including Cotton and Soybean in Maharashtra (2013-14 and 2015-16)

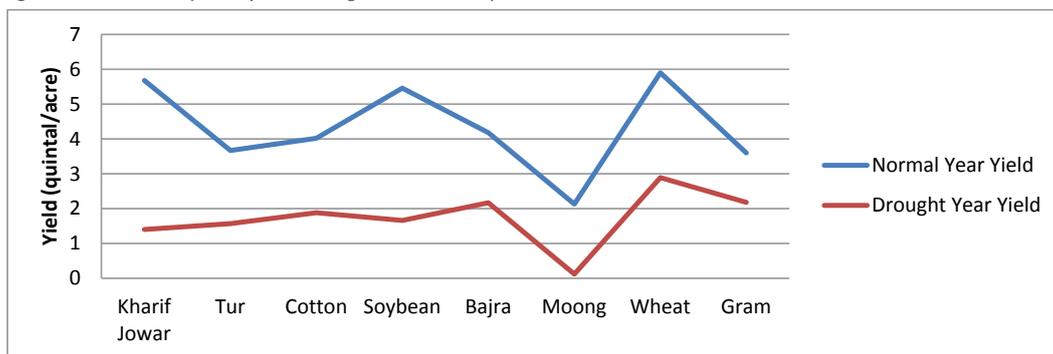
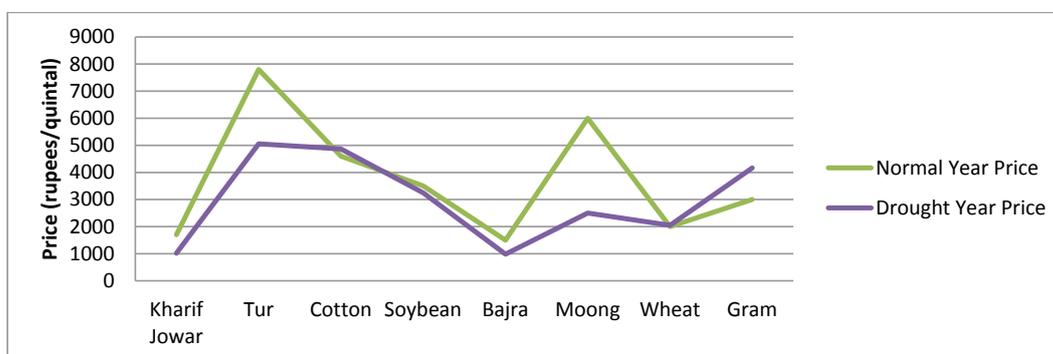


Figure 2: Prices of major crops including Cotton and Soybean in Maharashtra (2013-14 and 2015-16)



Normal Year: 2013-14, Drought Year 2015-16

Source: AERC Pune

Actions suggested

- There is an urgent need to increase area under protective irrigation in Marathwada and Vidarbha.
- Automated weather stations should be installed so that farmers are alerted on natural calamities and can take precautionary measures.
- Rural Non-Farm Employment (RNFE) opportunities must be promoted.

For further details contact:

Prof. Sangeeta Shroff, Officer-in-Charge, sangeetashroff@hotmail.com; Mob: 09923063688

Dr. Jayanti Kajale, Phone: 020-25650287, **Dr. Prashant Bansode**, Phone: 020-25654288

Agro-Economic Research Centre, Gokhale Institute of Politics and Economics, Pune, Maharashtra.

Information sources:

Personal interviews were conducted in 50 households which had been victims and a detailed analysis was conducted by AERC Pune.

Alert 2: Paddy farmers in Kerala trapped in subsidies

Key highlights

- In 2015-16, paddy farmers in Kerala were subsidized up to 45 percent of the paddy seeds costs. For the major paddy varieties, this translated to Rs. 18 for every Rs. 40 per kg of seeds.
- This subsidy scheme was linked to Rashtriya Krishi Vikas Yojana, but the amount could not be realized by the state last year.
- Hence farmers have been asked to return the subsidy during 2016-17, which means they have to pay 145 percent of the actual price in the current year.
- Huge amount of paddy fields have been left fallow as a result of this and are facing the threat of conversion into non-agricultural lands.

Observations

- Seventy percent of the second season crop has not been harvested and procured yet due to the continuous heavy rainfall and poor agricultural drainage.
- Since the paddy is wet in nature, rice processing mills are demanding 115 kg for the value of 100 kg.
- The procurement through Supplyco Ltd. (Kerala State Civil Supplies Corporation) surpasses the procurement price through intermediaries/mills and farmers are actually getting only Rs. 18 per kg.
- Though the farmers have recognized this, they are willing to sell their harvest to the intermediaries and mills as they are afraid of losing the deal with them and have no faith in the consistency of Supplyco's procurement.

Actions suggested

- Immediate disbursal of due subsidies to the farmers must be ensured and procurement of this season's harvest must be done at the earliest through Supplyco at the declared price of Rs. 23.30.
- Steps must be taken to remove any intermediaries from the procurement process.
- The recovery of subsidies given to the farmers should be stopped.
- The seed subsidy scheme should be continued in order to revamp the paddy cultivation in the state.

For further details contact:

Dr. K. Jothi Sivagnanam, Professor and Director, jothisiva@unom.ac.in; Mob: 09444285357

Mr. Ashraf Pulikkamath, Research Assistant, ashraf.p@mariancollege.org; Mob: 09895790837

Agro-Economic Research Centre, University of Madras, Chennai.

Information sources:

AERC-Chennai report on fallow land in Kerala; field visits and interactions with farmers; various Malayalam newspaper reports.

Alert 3: Daranggiri banana *mandi* in Assam under stress

Key highlights

- Daranggiri *mandi* in Goalpara district of Assam, the largest banana market in the North-East India, is under stress.
- Infrastructure facilities are very poor in the market yard and the roads linking the main market to the small markets are in a deplorable condition, leading to huge losses.
- During peak season, every week about 160 truckloads of bananas (each truck containing around 1,800 bunches) come into the *mandi* and about 150-200 truckloads go out of it.
- There are no banking or ATM services in the *mandi*. The nearest ATM is located about 12 kms away from the main market in the township of Dudhnoi.
- The *Unnayan Committee* recommends having a fruit processing center, stronger railway connection and a banana research centre near to Daranggiri market.

Figure 3: Farmers in Daranggiri Market Yard



Source: <http://nezine.com>

Observations

- India is the largest producer of bananas globally and Assam is among the top ten banana producing states in the country.
- During 2014-15*, Assam produced 0.86 Million Metric Tonnes (MT) of bananas against 29.2 Million MT produced at an all-India level.
- Though banana is grown round-the-year, its peak season is from May/June to September/October, but in the past few years the production has gone down considerably despite a rise in the demand.
- About 15-20 percent of the banana produce is damaged during transportation and stocking. Increasing interventions of the middle men in the marketing of banana is another concern.
- Around 15,000 people are involved in the process of marketing in the Daranggiri banana market with a monthly turnover of Rs. 4 crores.
- A proposal to set up a banana research centre in this vicinity was made and a plot of land was arranged by the local people for the same but the project was shelved mid-way.
- The government had taken an initiative for establishing a fruit packaging centre but it is still to become operational.

Actions suggested:

- Adequate infrastructure like storage facility, shed for stocking the produce, drinking water, electricity and technical support is a must for the market.
- Farmer cooperatives must be formed on the lines of 'Mahabanana' in Maharashtra.
- Pucca and all-weather link roads are of utmost necessity to reduce the losses during transit.
- Adequate post-harvest infrastructure such as a cold storage should be developed.
- Efforts should be made to develop cost effective suitable packing material for banana exports and standardized packaging techniques to have consistent quality. Further, branding and marketing must be done under specified conditions and practices.
- Private investment must be promoted in hi-tech horticulture with micro-propagation, protected cultivation, drip irrigation, integrated nutrient and pest management.
- Formation of associated industries like wafers, banana shakes, chips etc., should be encouraged. These industries would also help create employment opportunities for the local masses.

For further details contact:

Dr. M. Gogoi, Research Associate, ms.moromi@rediffmail.com; Mob: 09435351250

Dr. G. Kakaty, Research Associate, gautamkakaty.1511@rediffmail.com, Mob: 09435489188

Mrs. R. Savapandit, Research Associate, runjunsavapandit@gmail.com, Mob: 09435489227

Agro-Economic Research Centre for North-East India, A.A.U., Jorhat.

Information sources:

Field observations and telephonic discussions with the persons actively involved in Daranggiri banana market as well as various published sources.

*Based on latest available state-wise data. Source: www.indiastat.com