

Agro-Economic Alerts

Aiding the future of India's farmers and agriculture



(Photo Source: Das, S. (Photographer) Retrieved from bit.ly/2nuG26h)



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

Issue 13, September 2019

- | | |
|--|---|
| 1. Challenges of Jute Cultivation in Assam | 2 |
| 2. Barriers to eNAM in APMC Lucknow | 4 |
| 3. Problems of Direct Benefit Transfer in Fertilizers in Maharashtra | 5 |

Compiled and Edited by
Centre for Management in
Agriculture (CMA)
Indian Institute of Management
Ahmedabad

Contact: Prof. Ranjan Ghosh
Co-ordinator, or
Prof. Sukhpal Singh
Chairperson CMA, or
Nikita Pandey
Research Associate
cma@iima.ac.in
Phone: +91-79-6632-4651

Based on Research &
Contributions of: 15 Agro-
Economic Research Centres
and Units, supported by
Ministry of Agriculture &
Farmers' Welfare

Challenges of Jute Cultivation in Assam

Key Highlights

- Jute, popularly known as the golden fibre, is biodegradable, recyclable and an environment-friendly fibre. India is the largest producer of jute in the world.
- In India, jute is largely grown in West Bengal, Bihar and Assam with an acreage share of 70.1 percent, 14.4 percent and 10.2 percent, respectively in the year 2017-18. In terms of production, West Bengal accounts for 73.9 percent of total production, followed by Bihar (15.8 percent) and Assam (8.1 percent).
- Assam is country's third largest jute producer. Nearly 1,50,000 farmers in the state are dependent on jute cultivation and produce around 1.3 lakh metric tonnes of jute fibre per year.
- However, jute industry in Assam is highly fragmented and unorganized, posing major challenges to the growth of this sector.
- Jute farming in the state is dominated by small and marginal farmers. The cultivation of jute is highly labour intensive and the cost of cultivation is increasing as a result of an increase in the wage rate.

Figure 1: Raw Jute (left); Hessian Sacking Bags (right).



Source: bit.ly/35d85bp; bit.ly/2A18q7c

Observations

- The regular occurrence of floods is one of the main reasons of heavy losses in jute production every year. In most cases, the farmers have to harvest pre-mature crop while often, even pre-mature harvesting is not possible. According to estimates, around 15,000-20,000 hectares of jute crop area has been affected by the floods in the year 2019-20.
- Jute marketing in Assam is mainly dominated by middlemen, wholesaler and private traders.

Moreover, farmers have to sell their products to the private traders at unremunerative prices.

- Jute Corporation of India (JCI) is the only organized marketing agency for operating jute in Assam. The quantity of jute JCI purchases depends on the available funds, price of jute, their storage capacity and other relevant factors. JCI procures normally 25-30 percent raw jute in the state. Currently, the JCI purchase as per the present Minimum Support Price (MSP) is Rs. 3,950 per quintal for the 2019-20 crop season.
- The common marketing channels of jute that are observed in the State are - 1. Producer - Wholesaler/JCI - Jute Mills 2. Producer - *Fariah*/Commission Agents - Wholesaler - Jute Mills 3. Producer - Producer cum *Fariah* - Commission Agents/middlemen - Wholesaler/JCI - Jute Mills 4. Producer - Jute Mills.
- The number of godown facilities to store the jute fibres is also very poor in the state.
- The harvesting of jute crops is likely to come to a standstill due to a lack of proper retting (process of extracting fibers) in jute growing areas in Assam. Acute shortage of flowing water in the jute growing belts has affected the retting progress thereby spoiling the quality of the processed product.
- Further, quality seeds are not readily available in the state.

Actions suggested

- Recently, the Government of India's decision to reduce jute grade from the existing '8' to '5' is a very optimistic approach towards getting the best price for jute. However, capacity building and creation of awareness on modern methods of cultivation can

contribute to a great scope in this perspective.

- There are only two composite jute mills in Assam enlisted with the office of Jute Commissioner viz. Assam Cooperative Jute Mills Ltd., Silghat, Nagaon and Atlanta Modular Pvt. Limited, West Boragaon, Guwahati. The number of Jute Mills should be increased in the state with more capacity for Hessian sacking bags.
- There is a need for providing improved retting and grading technology among the jute farmers for producing quality fibre. The distribution of certified seeds, nail weeders, seed weeders and seed drillers would further help in reducing the cost of production.
- Adoption of proper integrated pest management system, application of recommended doses of fertilisers and availability of water tanks and ponds for retting are utmost necessary in order to improve grade profile of raw jute in Assam.
- The JCI should check the exploitation of growers on the hands of private traders. The regional offices of JCI may be given some liberty to go beyond MSP when the situation demands.

For further details, contact:

Dr. Gautam Kakaty, Research Associate,
gautamkakaty.1511@rediffmail.com,
Mob: 9435489188

Dr. Anup K. Das, Director,
anup_aau@yahoo.com, Mob: 9435092033

Dr. Moromi Gogoi, Research Associate,
ms.moromi@rediffmail.com, Mob: 9435351250
Agro-Economic Research Centre, Assam
Agricultural University, Jorhat, Assam.

Information sources:

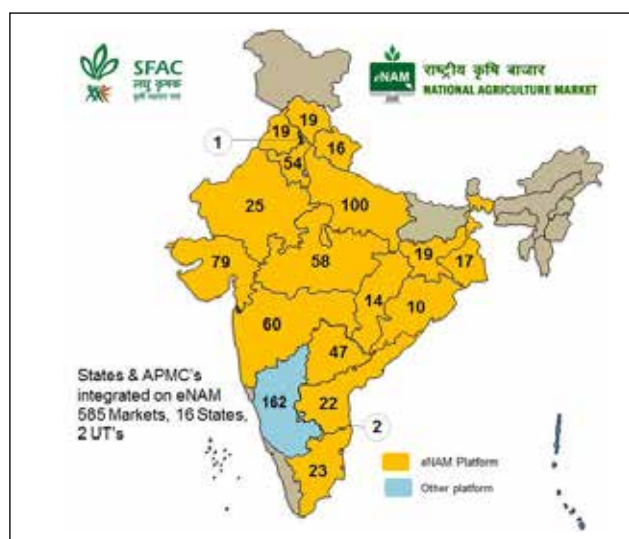
- i. Field visits and consultations with jute growers and various stakeholders associated with jute industry.
- ii. Various newspaper reports and published sources.

Barriers to eNAM in APMC Lucknow

Key highlights

- National Agriculture Market or eNAM, is the electronic trading portal for the agricultural commodities in India. It was launched by the Ministry of Agriculture and Farmers' Welfare, Government of India, in the year 2016. eNAM aims to help farmers with better price discovery and provides better marketing of their produce.
- The Agricultural Produce Market Committee (APMC) Act in Uttar Pradesh was amended in April, 2018. Uttar Pradesh had the highest number of *mandis* registered on eNAM as on 31st August, 2019.
- However, it was found that the eNAM is still not fully functional.
- At the APMC Lucknow, online trading was done only for perishable commodities and mostly for Banana and Okra.

Figure 1: eNAM Coverage in Various States.



Source: www.enam.gov.in

- It was found that the operators in the *mandi* feed the data manually into the computer systems after the bidding process is done physically. The eNAM at APMC Lucknow has

been working physically for over two years now.

- The grading or sorting facilities for the commodities were inefficient. Currently, grading is done by the employees of APMC.
- The computer systems were present but the internet services at the APMC were found to be intermittent.

Observations

- The *Nilaami* Officer and the *Mandi* Inspector were the two employees at the APMC. The total number of operators for eNAM was two, one looked over the fruits and the other, vegetables.
- According to the APMC employees, the reason behind manual entry of the data was that farmers are usually in a hurry to sell as their commodities are perishable in nature.
- The time taken for the auction of one crop/produce is five to six minutes and the operators enter the data into the computer after the bidding is done physically.
- It was found that the physical bidding of the produce has also started recently; earlier the farmers had to accept whatever amount was offered to them by the traders.
- From the official website of eNAM, it was found that not all the *mandis* in Uttar Pradesh registered on eNAM were doing online trading.
- For Bananas, the total number of entries in a day amount to 40-50, while for Okra, it amounts to 10-12 entries. For every bid, there are minimum five traders.
- APMCs for grains are not operational in Lucknow. Towns such as Lakhimpur and

Sitapur, some 130 and 91 kms away from the capital, are the grain markets.

Figure 2: A Non-Functional eNAM Shed in Lucknow.



Source: CMA, IIM Ahmedabad

Actions suggested

- There is an urgent need to raise the awareness about eNAM among the APMC functionaries.
- There is a need of technical expertise and capacity building services for eNAM to function properly, at APMC Lucknow.
- Uninterrupted internet services must be ensured.
- Infrastructure must be set up for proper scientific grading and verification of the agricultural produce.

For further details, contact:

Ms. Nikita Pandey, Research Associate,
nikitap@iima.ac.in, Mob: 9168795414
Centre for Management in Agriculture, Indian
Institute of Management Ahmedabad, Gujarat.

Information sources:

- i. Field visit and consultations with eNAM operators and workers.

Problems of Direct Benefit Transfer in Fertilizers in Maharashtra

Key highlights

- Direct Benefit Transfer (DBT) system for the payment of fertilizer subsidy was introduced by the Indian government in 2017.
- All fertilizer transactions are captured online in the Integrated Fertilizer Management System (iFMS) on a real time basis. Thus, all fertilizer movements can now be tracked.
- In the first phase, subsidy is being paid by the government to the fertilizer companies at Point of Sale (PoS), when retailer sells fertilizers through the PoS to the beneficiary farmers.
- In the second phase, the government aims to transfer the subsidy directly in the accounts of farmer buyers after linking land records/ Soil Health Cards (SHC) of the farmers with their respective Aadhar numbers.
- It was found that most of the stakeholders were skeptical about workability of the DBT scheme in the second phase wherein the subsidy would be directly deposited.
- Major problems reported by the retailers were - time taken for completing transaction due to poor connectivity, software related problems and inability in getting thumb impression of elderly farmers. Due to such problems, it

was observed, that many retailers have been selling fertilizers to the farmers manually and later adjusting the sales in the name of

shop assistants/labourers with their thumb impressions.

Figure 1: Fertilizers Used in a Crop (left); PoS Device Used for Fertilizers (right).



Source: bit.ly/35umssf; bit.ly/2VHeTKh

Observations

- As a part of an ongoing survey in the state of Maharashtra for understanding problems relating to the scheme and perceptions of stakeholders about fertilizer sale through PoS machines, farmers and retailers in various talukas of the Pune district were interviewed.
- Most of the 50 buyers of fertilizers that were contacted so far, were aware of the mandatory sale of fertilizers through PoS device and did not find the system of authentication through Aadhar/voter ID for the purchase of fertilizers through PoS, problematic.
- However, most of them were worried about timely receipt of subsidy as well as higher market prices of fertilizers and lack of cash with them for buying expensive fertilizers at that time.
- Most of the 25 retailers contacted so far have been using PoS machines. Due to the manual sales by retailers, it has become difficult to ascertain the identity of buyers as farmers.
- To ascertain the identity of the buyer as a farmer (who would be directly receiving subsidy in the second phase of the scheme), land records - size of landholding and SHC

need to be linked to the Aadhar number and sale of fertilizers. However, most of the farmers feel that the sale of fertilizers should not be linked to the size of landholding as they do not want any restrictions on the usage of fertilizers. This indicates that farmers trust their own perception of fertilizer requirement than the recommendations on the SHCs.

Actions suggested

- To overcome delays in completing transactions, efforts should be made to increase awareness among retailers about the usage of devices other than PoS machines such as desktops/laptops/smartphones. This will ensure connectivity through broadband and would mean that more than one buyer farmer can be served simultaneously. Latest software versions should be available to all the retailers.
- The retailers who do not use PoS for sale, should be urged to do so and use provision in the software of saving Aadhar numbers of farmers/persons who usually purchase fertilizers for the farmers. This will ensure the transaction even if the farmer fails to provide Aadhar number.

- There is a need to ensure distribution of SHCs to all the farmers and increase awareness about importance of recommended doses of fertilizers as mentioned thereon. Dependence of farmers on SHC and its linkage with Aadhar would ensure sale and purchase of adequate amount of fertilizers.

For further details, contact:

Dr. Jayanti Kajale, Professor,
jayanti@gipe.ac.in; Mob: 9975153718
Agro-Economic Research Centre, Gokhale Institute
of Politics and Economics, Pune, Maharashtra.

Information sources:

- i. Field visits.
- ii. Discussions with farmers, retailers and government officials.



CENTRE FOR MANAGEMENT IN AGRICULTURE (CMA)

Indian Institute of Management Ahmedabad (IIMA)

Vastrapur, Ahmedabad, Gujarat 380015

e-mail: cma@iima.ac.in | **Phone:** +91-79-6632-4650, 6632-4651 | **Fax:** +91-79-6632-4652

Web: www.iima.ac.in