

# 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: Maize markets under threat in Bihar

## Key highlights

- Maize production in Bihar is high, but prices have fallen
  - **Reason:** the moisture content was higher (>14%) due to cyclonic storms and rains in April-May, 2017
- Poor infrastructure. Railway Racks for maize storage:
  - are few
  - not made available on time
  - have a high penalty for storing maize above 9 hours
- As a result, high wastage in Railways Stacking points (see Figure 1 below)
- Increases transportation costs, leading to low marketing efficiency
- Maize is mostly sold outside Bihar – the state has no livestock feed or starch factories
  - Trade hurt badly

## Observations

- ❖ The 'maize road' covers 11 districts of Bihar: Muzaffarpur, East Champaran, Vaishali, Katihar, Purnea, Samastipur, Begusarai, Khagaria, Bhagalpur, Araria and Madhepura.
- ❖ Occupies nearly 73.62 per cent of the state's total maize area (7.04 million hectare) and produced 75.29 per cent of the state's total production (25.17 million tonnes) in 2015-16.
- ❖ Largely grown in Rabi season (43.90%)
- ❖ High total transportation costs: road (avg. @ Rs. 300/ qtl) and Railways (@ Rs. 150 to Rs. 175 per qtl)
- ❖ 10 big maize markets in the state: largest ones are Gulab bagh (Purnea) and Naugachia (Bhagalpur); 2 in Katihar (Shemapur & Kurshela), one each in Saharsa, Maheshkhunt in Khagaria, Bakritola, Muzaaffarpur, Motihari (East Champaran) & Bhawanipur (Bhagalpur).

- ❖ Only 13 rail rack points: Dalkola (West Bengal), Purnea, Jalalgarh, Madhepura, Khagaria, Mansi, Begusarai, Bakhri, Kurshela, Shemapur, Naugachia, Katihar and Bhagalpur.
- ❖ Delay in loading is a frequent phenomenon due to insecure stacking points in the railway yards, traffic jams in the cities and strict adherence of no-entry norms.

## Actions suggested

- Railway Rack point at Bhagalpur may be shifted to Naugachia.
- Free loading time may be increased from 9 hours to 24 hours.
- Rates of loading and unloading in the rail yards be reasonably fixed.
- Piecemeal loadings at least at two or three rail points adjacent to Purnea & Naugachia may be allowed (as it was prior to 2005-06) so that small players or big farmers could avail such facilities. This will directly or indirectly increase the marketing efficiency of the maize produced.
- Number of Rail racks at Gulab Bagh, Purnea may be increased during the floods (July-October) in Bihar.
- Strengthening linkages with central and state agencies for storage of the produce. These agencies may be FCI, COMPFED, SWC, CWC, BISCOAUN, SF&CSC, PACS (at village level) etc.
- Points at railway yards should be better developed with safety/security, pucca sheds for staking the produce, lighting, drinking water and all weathered link roads. It will simultaneously reduce the wastage at stacking points.
- To reduce the moisture contents in the produce (< 14%), threshing floors (each of at least 10,000 sq. feet) be constructed at Village/Panchayat level by converging the different on-going agricultural and rural development programs/schemes (preferably under RKVY, Watershed Programs, etc.).



**Figure 1:** Unsecure stacking and wastage of maize at rail yards

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### Information Sources:

The problem is drawn on the basis of field observations and discussions with the farmers and traders, as well as, observed scenario with photographs of a railways rack point (Bhagalpur), news in local dailies (Hindustan, Hindi edition, dated 13/06/2017, reported by Abhay Singh, Tol, Patna eds. dated 28/04/2017); Mr. Anil Kumar Jha, Dy. Director, Directorate of Agriculture, Government of Bihar; a leading maize trader from Naugachia (Bhagalpur)

## Alert 2: Heavy rain hit kharif crops in Gujarat

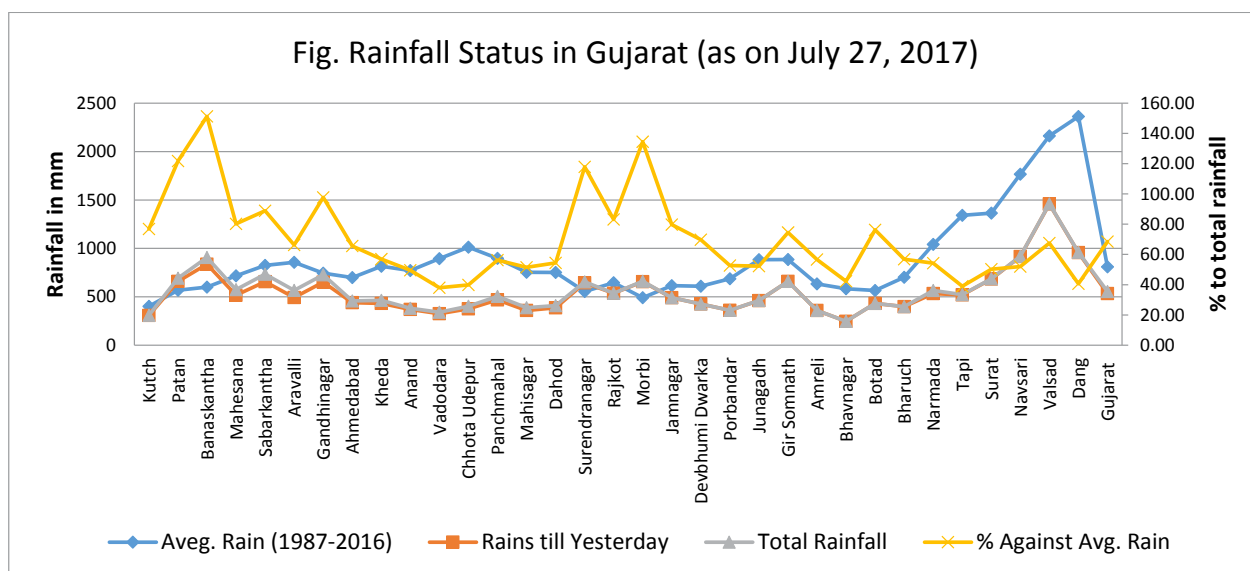
### Key highlights

- The northern and eastern parts of Gujarat are heavily affected by continuous heavy rains.
- Initial estimates by agriculture experts and government officials indicate that kharif crop losses have occurred on about 50,000 hectares, mainly in Saurashtra, Kutch and North Gujarat, including the cotton-growing areas of Rajkot, Surendranagar, Morbi, Jamnagar, Devbhumi Dwarka, Kutch, Patan, Banaskantha and Sabarkantha.
- Kharif sowing had taken place on about 60.62 lakh hectares till July 17, accounting for about 71 per cent of the three-year average sowing of 85.76 lakh hectares. The affected districts had cotton acreages of over 20 lakh hectares, followed by groundnut area of about 14 lakh hectares. Pulse crops are also affected.
- If rains continue, the kharif crop production will further get affected. Also the fodder supply will suffer.
- Damaged roads may obstruct milk transport to district unions in time
- Consequences:
  - Drastic reduction in area and production of cotton and groundnut crops

- The cost incurred on seeds and sowing is wasted
- Farmers may go for short duration crop
- Heavy soil erosion may affect the soil fertility for coming seasons

### Observations

- ❖ Patan, Banaskantha, Morbi, Surendranagar, part of Rajkot, Abdasa and Rapar tehsils of Kutch are most affected
- ❖ Lakhani, Deodhar and Dantiwada taluka of Banaskantha district received heavy rain and most of the cropped area is submerged. Livestock deaths are also reported
- ❖ According to some media reports, around 3.27 lakh hectares cropped area in Banaskantha, Patan and Kutch is affected (one third of cropped area)
- ❖ There are instances of land erosion in several parts
- ❖ The damage to the cotton crop will have a larger impact on the overall cotton sowing, which will switch to short-duration crops such as tur or other pulses.
- ❖ Farmers believe this rainfall is very useful for rabi season crops because enough water will be available for irrigation
- ❖ In Vijaynagar taluka of Sabarkantha District, 10 to 15 percent of banana crop is damaged



### Action suggested:

- Affected farmers need to be supported by providing seed and other inputs, along with necessary advisory
- Rain alert should be broadcasted more frequently on television, radio as well as messages through mobile phones
- Quick assessment of affected area and damage control work needs to be taken on a war footing basis (such as damaged check-dams, farm ponds other water storage structures; grid connections to farm and repair of roads)

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### Information sources:

Field observations and over phone discussion with field staff, as well as published sources as follows: <http://www.gsdma.org/rain-fall.aspx?ID=2017><http://www.thehindubusinessline.com/economy/agri-business/heavy-rain-hits-gujarat-kharif-crop/article9786676.ece>

## Alert 3: Farmers unable to get price support

### Key highlights

- In Maharashtra, price of tur (pigeonpea) was lower than the Minimum Support Price (MSP) of Rs. 5050 per quintal by more than 20 percent
- The price fall was checked due to price support scheme (PSS) by the state in May 2017
- In Madhya Pradesh (MP), price of onion in certain markets came down to Rs. 1-2/kg in June 2017
- In response, the state government started procuring onions at Rs. 8/kg
- Yet, there have been farmer agitations and a sense of fear that once the procurement is over, prices will start falling again
- Reason being difficulties in:
  - accessing procurement centers
  - getting cash payment on time, and
  - risks in commodity storage

- Huge opportunity costs as farmers instead of returning to their fields, incurred high waiting times.
- Many farmers as a result sold to private traders at 30% lower price as compared to offered MSP.
- There is no certainty of price support for commodities other than cereals.

### Actions suggested

- Uncertainty in PSS operations should be reduced through improving the infrastructure and governance of procurement
- For non-MSP commodities, benchmarks for cost of cultivation should be devised
- Adequate post-harvest infrastructure such as cold chains should be invested in
- Price support can also come from corporate sector. Some examples are, price discovery and assured marketing provided by ITC for soybean in some parts of MP, Marico for copra in Kerala

### Observations

- A fair producer price is essential to maintain certain level of profitability in agriculture.
- The case of onions in MP shows that state mechanism for procurement is poor.
- Farmers have had to wait for many days in queues with their onion trollies in the open. A little rain or high humidity could destroy all the produce outside procurement centers.
- Queues outside each procurement center of about 2-3 Kms.

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### Information sources:

Field observations and interviews with farmers and traders as well as other news sources.