The Fertiliser Association of India

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Current News

Current news on the latest developments in fertiliser, energy, weather, agriculture, agri-business, logistics, economy, and other related areas

(*The views expressed in the news items are not necessarily of FAI*)

Tuesday, November 21, 2017	
WEATHER	N-E monsoon may revive next week, last into mid-December
AGRICULTURE	‘A fourth of farm loans given via urban branches of banks’
ECONOMY	Corporates may see 6% pre-tax profit growth next year: Moody’s

WEATHER

N-E monsoon may revive next week, last into mid-December

The North-East monsoon could witness a revival of sorts from next week even as low-pressure area expectedly materialising tomorrow would keep it alive in the interregnum.

Likely to be positioned over North Andaman Sea, the ‘low’ would be a remnant of a tropical depression (named *Kirogi*) in the South China Sea off the Vietnam coast.

Poorly organised system

This could also be a precursor to revival of the North-East monsoon, which last saw a depression spin up over West-Central Bay of Bengal but drag the rains away from the Tamil Nadu coast.

On Monday, the incoming ‘low’ had reached the Gulf of Thailand, the transit point outside the territorial waters. It may not strengthen much in the Andaman Sea or the larger Bay of Bengal.

In fact, the northern flanks of the poorly organised system would be exposed to the elements as it moves towards the South Tamil Nadu and Sri Lankan coasts and generate rain over those regions.

The rains would later grow further to the north, covering up to Chennai, but the momentum would shift again beyond the borders, to the Malacca Strait and adjoining Malaysia and Indonesia.

Cyclone watch in Bay

A likely ‘low’ growing here is forecast to reach the tip of Indonesia and adjoining South-South-East Bay of Bengal and travel west-north-west towards Sri Lanka initially.

Early wind-field projections of the India Met Department (IMD) show prospects of a tropical cyclone developing from the system by the time it approaches Sri Lanka next week, last of the month.

It may be recalled that the US Climate Prediction Centre has already marked out the Bay under watch for cyclone formation during November 22 and 28.

A weather tracker of the US agency too points to the prospects of storm formation off Sri Lanka and Tamil Nadu during end-November and rains reaching Chennai and South Coastal Andhra Pradesh.

Above normal rains

The southern peninsula, including the Met subdivisions of the North-East monsoon regions, would get normal to above normal rainfall during this period.

Rainfall statistics for the period October 1-November 15 shows that except Coastal Andhra Pradesh, most of the Met subdivisions have recorded normal rainfall.

(This article was published on November 20, 2017)

Source: The Hindu Business Line, Tuesday, November 21, 2017

Back to Headlines

AGRICULTURE

‘A fourth of farm loans given via urban branches of banks’

50% of the credit given after kharif and rabi crop seasons, says TISS economist

The flow of agricultural credit may have increased from ₹96,000 crore in 2004 to ₹10 lakh crore now, and about 18,000 new rural branches have been set up over the past decade, and yet there is an agrarian crisis because of definitional dilusion as well as diversion of funds from the needy small farmers, R Ramakumar, Agro Economist, Tata Institute of Social Sciences (TISS), said on Monday.

Speaking at AIBEA’s National Banking Conclave, he said it is ironical that one-fourth of the direct agriculture finance given to farmers in India is through urban/metro branches.

The figures are even more striking in the case of West Bengal where 55 per cent of direct agricultural finance is done through urban and metro branches, largely in Kolkata, he said. This was followed by Maharashtra (37 per cent) and Tamil Nadu (32 per cent).

Further, he said, 50 per cent of the agriculture credit is given in the months of January, February and March by which time the kharif and rabi crop seasons are over. No wonder farmers complain that they are being shut out of funds when they need them, he added.

The lost decade

Lauding the nationalisation of banks in 1969 and the subsequent policy initiatives on priority sector as genuinely helpful to agriculture, Ramakumar said that the financial inclusion agenda being followed now is not comparable in its impact.

He said that the share of moneylenders had increased from 17 per cent to 27 per cent during the first decade after the reforms era in India, which meant that the share of rural credit from the formal sources and public sector banks stood reduced. He called the 1990s the lost decade of rural banking.

Pointing out that the rich were cornering the funds meant for the poor, he said that in 1990, with respect to the direct finance on agriculture, 92 per cent of the loans were less than ₹2 lakh (which is generally understood to be a threshold for small farmers). Now only 46 per cent of the direct agricultural finance is less than ₹2 lakh, which means that 54 per cent of direct agricultural finance is over ₹2 lakh (or going to richer hands).

Rising indebtedness

Quoting from the All-India Survey of Rural Debt, he said that the number of farmers who were indebted had risen from 25 per cent of rural households in 1992 to about 46 per cent in 2013.

More worryingly, the debt-asset ratio of the farmers have been increasing over the years from 1.6 per cent in 1992 to 2.5 per cent in 2013. This, he said, shows the intensification of the debt burden on the farmers.

He contested the common perception that there is a moral hazard with regard to farm loan waivers and argued that farmers are the most disciplined re-payers of loans. He said that doubling of farmers’ income by 2020 would not be possible when agriculture is growing at 2-3 per cent, while it should be growing at 14 per cent.

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Back to Headlines

ECONOMY

Corporates may see 6% pre-tax profit growth next year: Moody's

Expecting growth to revive next year, Moody's,which over the weekend revised upwards sovereign ratings to Baa2 after almost 14 years, has said a 7.6 per cent GDP expansion can result in corporates reporting a pre-tax profit growth of 5-6 per cent over the next 12-18 months.

According to the rating agency, growth will "rebound strongly in 2018 because the supply chain disruptions of 2017 will end soon".

"An economic growth of around 7.6 per cent will result in higher sales volumes, which along with new production capacity and benign commodity prices will support an Ebitda (earnings before interest, taxes, depreciation and amortisation) growth of 5-6 per cent over next 12 to 18 months," Moody's said.

While noting that the credit profile of corporates will continue to improve on healthy earnings growth, underpinned by solid economic growth and increased production capacity, Moody's said consolidation in oil & gas, telecom and steel sectors would affect credit quality in these sectors.

The agency, however, observed that refinancing needs in 2018 would be manageable for most companies given their improving access to capital markets and large cash balances.

The agency also noted that intense competition, such as among telcos and auto, will result in lower earnings or rising capital spending.

"Healthy economic growth in the Asian and global economies will support steady earnings growth for Asian corporates, which in turn will improve their financial leverage," Moody's associate managing director Chris Park said in the report.

"Furthermore, the gradual normalisation of monetary policy will support the near-term liquidity needs of corporates in the region," Park added.

The findings are part of Moody's Investor Service Outlook for 2018.

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Back to Headlines