

# What a farmer wants

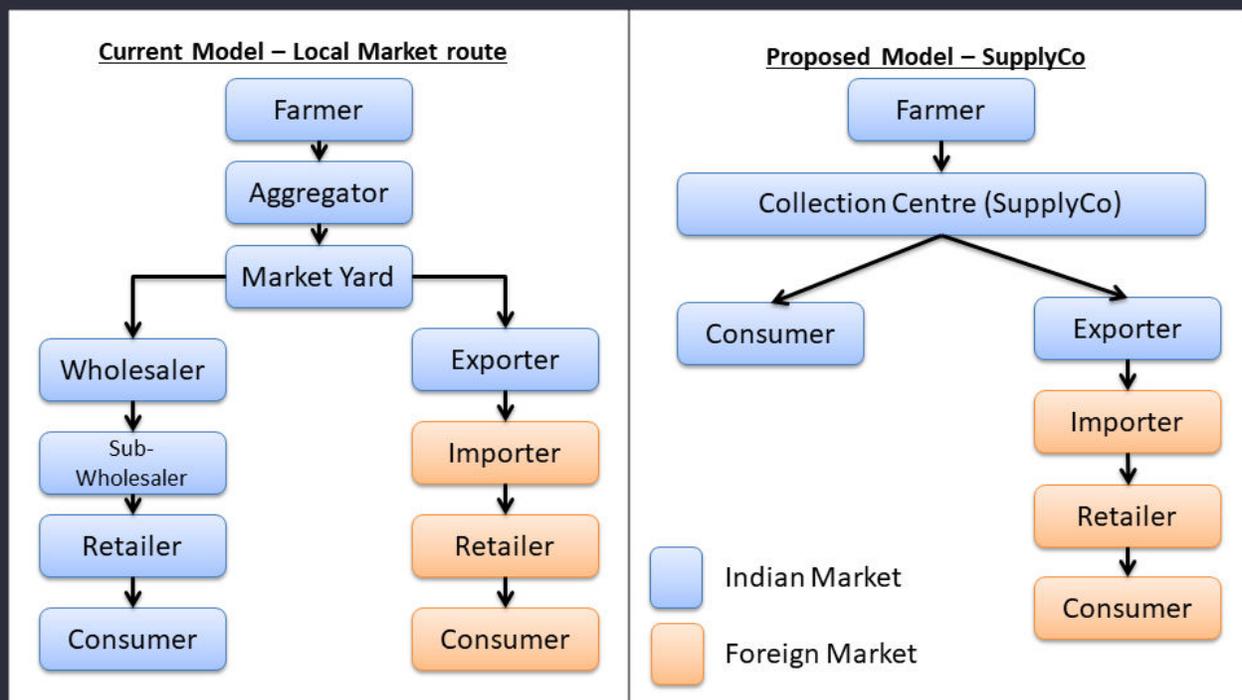
## Budget 2020 Expectations

Finance Minister Nirmala Sitharaman will present the full-year Budget for financial year 2019-20 in the Parliament on July 5, 2019.

We took a look at some of the expected topics to be addressed concerning the Agriculture and farming industry health.

### Change in the supply chain

- The current supply chain model (Local Market [Mandi] model) of spices and food products from Farmer to Food plate in India is complex and has an excess of intermediaries. This dramatically increases **cost of exports** and decreases revenue for farmers
- However, farmers want the Kerala SupplyCo Model applied to most all markets across India. An oversimplified comparison of both models is provided below. This is expected to reverse the “Mandi” Effect



## Crop insurance

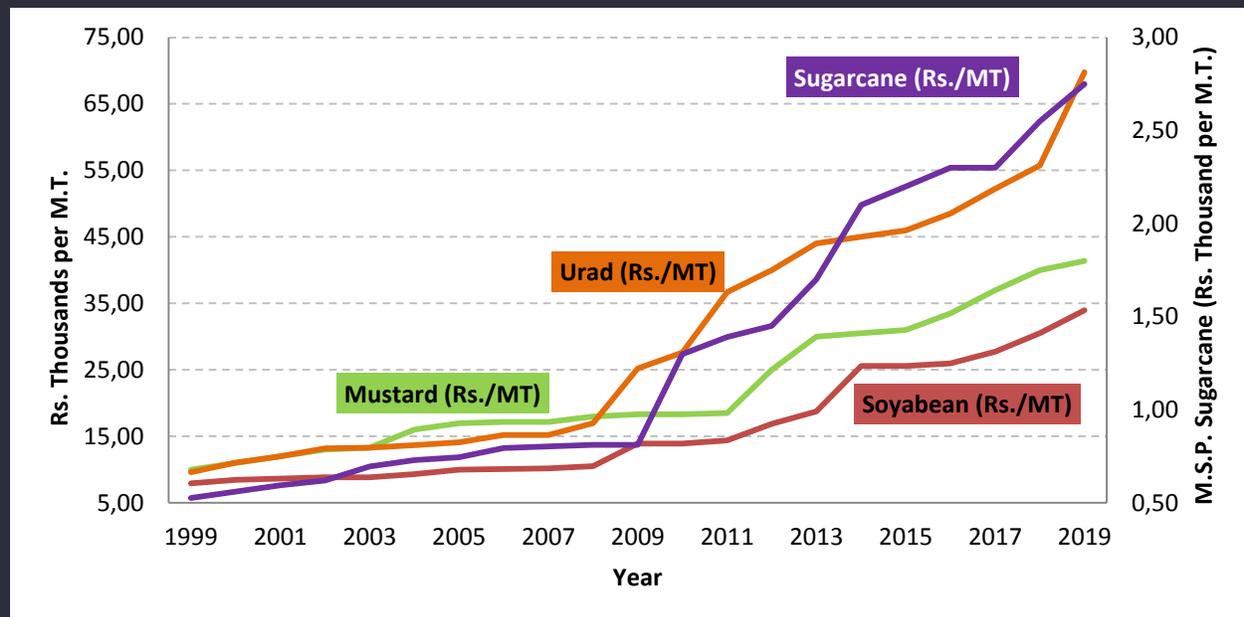
Currently the Indian government covers mainly cover 3 types of crops under its universal crop insurance scheme, namely

- Food crops (cereals, Millets, & Pulses)
- Oilseeds
- Annual commercial (horticulture crops)

These crops cover only 30% of the total crop loans given by banks. The government is urged to cover all types of crops under P.M.F.B.Y. its universal crop insurance scheme, which will help farmers to manage the risks of crop failures.

## Increase in the Minimum Support Price (M.S.P)

The union government is also expected to announce a sharp increase in the M.S.P. to farmers to increase disposable income and consequently demand. This is not the first time in recent years the government has resorted to such measures to boost the rural economy. A look at the chart below clearly shows that this has become a popular move in recent years.



Should the union decide to proceed with such steps as that of increase in M.S.P., it shall result in higher export prices leading to a loss of competitive advantage for Indian products in the international markets.

## Weekly price level update

1. **Fenugreek Seeds and Black Cumin:** prices continue their *rise*. Fenugreek Seeds rose by approximately 2% while Black Cumin rose by 1.63%. We expect prices to rise remaining on the higher side on account of strong European demand at these price levels.
2. **Dry ginger:** continued its **downward spiral** this week losing 2.4% of value.
3. **Fennel seeds:** have also shown an unanticipated **decrease** in price by an average of 1.2%.