

# Engineering a makeover of Indian agriculture

Reforms that will increase farmers' incomes and generate rural employment are sorely needed

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As the new government settles in, the sense one gets is that they want to hit the ground running. During the build-up to the election, the debate on agriculture had occupied centre stage and the media had extensively covered farmer distress, particularly on account of falling prices. Therefore the government needs to take on the challenges right away. The finance minister's assertion, inviting suggestions from public is welcome, and reflects an open mind towards new ideas.

While some may argue that the Union Budget is about revenues and expenditure, in recent years it has also become a platform for making major policy announcements, agriculture being a prominent area. It is in this context that we hope to see reforms that will increase farmers' incomes, generate rural employment and provide long-term stability to the agricultural sector. Let's look at some areas for intervention.

Unfortunately agriculture tends to fall between two stools as it is a state subject; but then so were indirect taxes. During the last NDA government, the Constitution was amended and a GST Council created representing both the Centre and the states. The then finance minister, Mr Arun Jaitley, was able to successfully navigate a complex subject through this mechanism. There is no reason why a similar framework cannot be created so that there is consistency in policy, and buy-in from all states.

Water is a big challenge staring at our face and two consecutive years of poor rains have driven home this point very strongly. Many canals have gone into disuse on account of poor maintenance and ground water is now available at new depths. The government must encourage efficient usage by charging for water and ensure reliable supplies. If a public-private partnership model has to be evolved, then that too must be looked at.

The pricing mechanism should be used to discourage excessive water usage, or else free electricity can result in pumps being run overnight, wasting large volumes of water. Correcting this anomaly will have ecological benefits and facilitate the much-needed crop diversification.

With regard to genetically modified crops, the government needs to take a stand in favour of science. Too many committees, panels and representations have unfortunately delayed the advent of new seeds. We must conduct proper trials as per the laid-down procedure and accord approvals based on the results. Price controls and bans on seeds only results in black-marketing and deprives the farmer of access to new technologies.

It is regrettable that the Indian farmer is deprived of progress through bio-technology, while the rest of the world moves ahead. Similarly, research and development by public institutions needs a sharper focus, in order to address new challenges being faced on account of climate change, water scarcity and labour shortages.

The food processing industry has played an important role in raising productivity and creating direct links with farmers. This is a mutually



beneficial relationship, and we have seen many successful examples. Once the farmer is assured of a market, most of his worries are over. The farmer can then focus all his efforts on technology adoption and meeting quality standards.

Sugar, dairying, tomato processing, menthol, seed production and poultry are examples where

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industry intervention has made Indian agriculture globally competitive. This can be extended to other agricultural commodities, particularly fruit and vegetables. Foreign direct investment in organised retail needs to be encouraged, to shrink the chain between the farmer and the consumer. It will give a fillip to food processing and provide farmers with a higher share of retail prices.

The state governments need to play an important role and three aspects need to be addressed urgently. First, land fragmentation has made agri-

culture unviable, with low levels of technology adoption and inadequate capital investments. Consolidation of land with appropriate protection of ownership rights is the way forward. Much work has been already done on this subject and it is time to enact suitable legislation. Second, while agricultural extension networks of state governments have virtually collapsed, the inspector raj continues. There is a need to follow the simplification examples adopted by state governments for industry. Finally, the threat of the Essential Commodities Act needs to go, as it was relevant only in an era of shortages.

Ease of Doing Business has received much attention in the recent past, but this mantra has not spilled over to the agricultural field. Freeing agriculture markets from licensing, allowing land leasing, a stable trade policy, encouraging food processing, linking farmers with modern trade, encouraging use of biotech products in agriculture, rapid growth in non-agricultural jobs, and so on are still so much work in progress, and must remain on the radar of policymakers.

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