

Farming needs to be viewed as a viable business, not just as a production activity

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Everyone recognises the importance of agriculture, both from a livelihood point of view for 110 million families, as well its key role in providing food security to the nation. Yet, the sector faces two paradoxes. Firstly, being a concurrent subject, with both Central and State Government responsibility, it tends to fall between stools. Secondly, the short-term corrective steps often take precedence over long solutions.

Most countries support agriculture to

ensure food security, and India is no exception. The focus so far has been to increase production and keep consumer prices at reasonable level. The main policy instruments to support farmers in India include subsidised fertilisers, power, agri-credit and crop insurance on the input side, and minimum support prices for major crops on the output front.

However, in attempting this balancing act, the farmer income has not received the attention it warrants. It is this aspect that is leading to farm distress. Therefore, farming needs to be viewed not just a production activity, but as a viable business.

It is in this context that key reforms

should be pursued which have long-term benefits too. Given the limited reach of the government's procurement mechanism, benefits are for selected crops and for farmers in some regions only. On the other hand, an efficient and sustainable solution for better prices lies in "getting the market right".

AMPC Model Act

In a globalised market and with government wanting to double agri exports, increasing MSPs can make Indian agriculture uncompetitive. Productivity and competitiveness are the key, as artificially raising prices will be counter to market forces. For this, organised retail must be

encouraged as it can play an important role in raising productivity and creating direct links with the farmers. More so, for small farmers growing fruits and vegetables. Introduction of an AMPC Model Act has been on the cards for a long time. So far, only Maharashtra has amended the law to completely decontrol fresh produce. Other States need to follow this example. This will reduce middlemen, cut transit costs, minimise losses and bridge the gap between farmer realisation and consumer price. Investments need to be prioritised towards agricultural research.

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