

Need for Structural Reforms in Agri-Marketing

What is the issue?

\n\n

\n

- Although food production has increased tremendously, farmer incomes have not been impacted positively.

\n

- This calls for massive structural reforms on the lines proposed by Niti Aayog.

\n

\n\n

What is the proposal?

\n\n

\n

- The central government is pitch for restructuring agricultural marketing to double farm income by 2022.

\n

- NITI Aayog member Ramesh Chand recently said that bringing agriculture marketing into the Concurrent or Union list is imperative to benefit farmers.

\n

- While many states too have welcomed this, some are sternly opposed to it and argue that it would be a disaster for agriculture and co-operative federalism.

\n

- Significantly, the “Committee on Doubling Farmer’s Income” (Dalwai Committee) has supported the Niti Aayog’s stand.

\n

- Besides this, the committee has also recommended rolling out the model Agriculture Produce Marketing Committee (APMC) Act 2017.

\n

- This, it believes is needed to facilitate pan-India operations, through single-point levy of taxes.

\n

- These are touted to promote direct interface between farmers and end-users, and give farmers greater freedom to sell their produce for better prices.

\n

\n\n

Why is focus on markets needed?

\n\n

- \n
 - The country's food production has increased tremendously from just 51 million tonnes in 1950-51 to about 252 million tonnes in 2014-15.
 - \n
 - However, farm income did not grow much, which was also highlighted by the National Commission on Farmers (NCF) headed by MS Swaminathan.
 - \n
 - On an average, the income realised from cultivation at current prices worked out to be only about Rs.101 a day during 2012-13.
 - \n
 - Significantly, as early as 1976, the "National Commission on Agriculture" had noted that higher output alone will not provide higher income to farmers.
 - \n
 - This anomaly is due to the lack of proper marketability for agro-produce, and becomes amply clear in the usual distresses that follows bumper harvests.
 - \n
 - Had the markets been integrated, the surplus produce would have been transferred to deficit regions to help ease the "Plenty Paradox".
 - \n

\n\n

What is the current situation?

\n\n

- \n
 - Farmer's participation in agri-markets is equally worrisome and their share as a percentage of the Consumer Price is a merely in the range of 15- 40%.
 - \n
 - Middlemen dominance is primarily responsible for farmers not getting a reasonable price for their produce, which lowers farm income and profitability.
 - \n
 - Significantly, The Committee of State Ministers, in charge of Agricultural Marketing, has noted that of the regulated markets only:
 - \n

\n\n

\n

- two-thirds have covered and open auction platforms
\n
- one-fourth have common drying yards
\n
- less than one-tenth have Cold storage units
\n
- less than one-third grading facilities
\n
- Very few have electronic weigh-bridges
\n

\n\n

- \n
- The committee also noted that the post-harvest losses of various commodities ranged from 6 to 18%.
\n
- All these conditions therefore, leaves the farmers with no choice but to demand higher minimum support price (MSP) and procurement.
\n

\n\n

What is the way ahead?

\n\n

- \n
- The country will achieve sustained food security only when the farmer incomes are secured and “production and marketing” to achieve the same.
\n
- While farmers need to be empowered with greater autonomy for marketing, the intermediary culture needs to be systematically scrapped.
\n
- Also, the seasonal spike in prices of perishable commodities that pushes up the food inflation cannot be addressed without improving the supply chain.
\n
- Significantly, almost 40% of all fruits and vegetables are lost annually in India between the grower and the consumer.
\n
- This is mainly due to lack of storage facilities, a weak transportation system, and bad roads, which needs to be addressed by inviting massive investments.
\n
- Also, as climate change is expected to pose more challenges, states alone can't handle these effectively due to technological shortcomings.
\n

\n\n

\n\n

Source: Business Line

\n

