Sliding Prices of Agricultural Produce

What is the issue?

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- Government has steeply hiked the import duties on edible oils and ended the export curbs on pulses.
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- While these are intended to prop up prices, it is unlikely to benefit farmers.
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Why wouldn't it help farmers?

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- Farmers could have gained if these decisions were taken prior to the sowing season or ahead of the harvesting season.
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- But the bulk of these crops has already been harvested and disposed of by the growers at unremunerative prices.
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- Any rise in prices at this stage will largely benefit the trade and processing industry.
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- Notably, it's not just oilseeds and pulses but most farm produces have been selling at below their minimum support prices (MSPs).
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- In some cases, prices have plummeted below production costs since last year's bumper harvest.
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Why have the prices nose-dived?

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- Government's agricultural pricing policies are oriented largely towards

managing inflation.
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- This attitude towards pricing is what resulted in the massive import of 5 million tonnes of pulses despite sufficient domestic production in previous fiscal.
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- Kisan Mukti Sansad, a coalition of 180 farm unions, observed that farmers stand to lose a minimum of Rs.36,000 crores annually, due to government's pricing policies.
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What is the way forward?

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- We need stable policies concerning agricultural pricing and trade, including imports and exports.
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- This is required to allow production to respond effectively to market demand and prices which doesn't happen now.
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- Notably, several reports of the "Commission for Agricultural Costs & Prices" has emphasised this point.
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- In this regard, the government's recent decision to evolve a formula to raise or lower duties on farm imports/exports based price benchmarks is a positive development.
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Source: Business Standard

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