



Reforming Indian Agriculture

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This article is based on **Farm reforms must be oriented towards minimising risk and increasing returns for farmers** which was published in The Indian Express on 29/07/2021. It talks about issues emerging from the present Indian agriculture setup and recommendation to eliminate such issues.

Agricultural policies in India are designed and implemented by a complex system of institutions. States have constitutional responsibility for many aspects of agriculture, but the central government plays an important role by developing national approaches to policy and providing the necessary funds for implementation at the state level.

The government agencies have a say on all aspects of the farmer's livelihood — the latest findings includes various central and state ministries and agencies that oversee rural property rights, land use and land ceilings; commodity prices, input subsidies and taxes, infrastructure, production, credit, marketing and procurement, public distribution, research, education and extension services; trade policy; agri-business and research — the list goes on.

At the height of the **farm protests**, the rhetoric was common that the new farm laws would result in a corporate takeover of Indian farms. However, the agriculture sector today is largely government owned.

Issues Emerged With Current Setup

- **Varying Yields Across States:** There is a large gap in rice and wheat yields between Green revolution states and the farm districts in the rest of the country even after five decades of the **Green Revolution**.

Moreover, rice and wheat grown outside of Punjab and Haryana continue to display far higher levels of yield variation or risk across districts.

- **Lack of Infrastructural Development:** There is severe unevenness in the provision of common goods across districts — **irrigation, roads, power**, etc.
 - Combined with the absence of well-functioning markets for agricultural land, crops, and inputs, the slow labour reform, and the poor quality of education have reduced overall resource mobility within and across farming districts.
 - Most importantly, they have limited the mobility of ideas and technology needed to increase productivity and reduce the variation of yield across districts.
- **Lack of Effective Decentralised:** The real promise of a decentralised system — of experimentation, of learning from each other, and the adoption of best-practices and policies — has largely failed to materialise.

Instead, Indian agriculture since Independence has remained highly fragmented.
- **Degradation of Natural Resource:** The various **input subsidies and minimum price guarantee** procurement schemes provided by the state have worked to worsen the overall levels of productivity and the risk in agriculture, generating adverse effects, through the degradation of water resources, soil, health, and climate.
- **Food Security at Cost of Agricultural Sector:** The result has been a suffocating mix of arbitrary and conflicting policy interventions by both the central and state government agencies.

Ironically, “food security” has been brought at the cost of an agricultural sector that captures all the stakeholders - farmers, households, consumers, traders, firms, and the state — with lower levels of individual welfare and higher levels of overall risk.

Way Forward

- **Maximising Income, Minimising Risk:** The **three farm laws** are only a part of the far wider set of economic reforms that will be needed to stabilise Indian agriculture.

The guiding principle for these reforms must be to create conditions that allow farm households to maximise their income while minimising the overall level of risk in Indian agriculture.
- **Liberalised Farming:** Farmers must be made **free to determine the best mix** of resources, land, inputs, technology, and organisational forms for their farms.
 - The state has too long subjected the farm households to top-down production, marketing, and distribution schemes.
 - Farmers, just as entrepreneurs in the non-farm sector, must be allowed to enter and exit agriculture, on their own terms and contract with whomever they wish.
- **Improve Agricultural Institutions And Governance Systems:** Need to clarify roles and responsibilities at central level by bringing key policy areas under a single umbrella.

Strengthen coordination among central ministries and agencies and between the centre and the states.

- **Kind of Decentralised System:** Need fundamental reforms that allow for greater mobility of farmers and agricultural resources across the country.

Within a true decentralised polity, a farmer in Assam ought to benefit as much from the “Punjab model” as do farmers in Punjab, and vice-versa.

Conclusion

India’s agro-food sector is at a critical juncture, facing multiple challenges and multiple opportunities. The required reforms if implemented, would help India improve food security for its vast population, advance the quality of life of its millions of smallholders, overcome severe resource and climate pressures, while generating sustainable productivity growth and creating a modern, efficient and resilient agro-food system that can contribute to inclusive growth and jobs throughout the economy.

Drishti Mains Question

Farm reforms must be oriented towards minimising risk and increasing returns for farmers. Discuss the statement with reference to the current state of agriculture.
