

must for agricultural reform

The Centre's initiatives aimed at helping farmers will not achieve their goals without Indian states embracing these ideas



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The new model of economic reforms, commonly known as the LPG or Liberalization, Privatization, Globalization model, is believed to have had limited influence on Indian agriculture. More significantly, policy reforms in the farm sector have not yielded the anticipated outcomes. Agriculture being a state subject, the central government formulates policy guidelines, advises, and allocates funds. However, the onus of proper implementation of farm and market reforms lies with state governments.

Let us take the example of reforms for liberalization and privatization of the agriculture marketing system in India. In many parts of our country, farmers do not have the right to make the first sale of their produce outside the regulated market yards. There is no freedom for a farmer or entrepreneur to establish a private market yard/private market managed by a person other than a market committee. Similarly, both corporates and farmers show reluctance to enter contracts for the production and marketing of farm products.

The consequence is a marketing system that is inefficient and leads to the exploitation of farmers by intermediaries. Farmers in many states are also exploited through a non-transparent and multi-point levy of a market fee in the absence of a unified single trading licence valid across the state or Union territory.

The centre, in an attempt to deregulate and privatize the agricultural marketing system, has ushered in a series of structural market reforms in the last few years. The launch of e-National Agriculture Market (e-NAM) is a step in the right direction for enhanced transparency in trading, better price discovery and to provide multiple choices to farmers in selling their commodities online and in markets of their choice.

The government also introduced the Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017, which provides for alternative marketing channels, direct marketing, and setting up of private markets, farmer-consumer markets, commodity markets and allows declaring warehouses/silos/cold storages as market sub-yards to promote agriculture marketing.

In May 2018, the agriculture ministry released the Agricultural Produce and Livestock Contract Farming and Services (Promotion & Facilitation) Act, 2018. The Act, in addition to contract farming, provides for service contracts all along the value chain, including pre-production, production and post-production. These policy reforms have the



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Gramin Agricultural Markets (GrAMs). Further, GrAMs, electronically linked to e-NAM and exempted from regulations of Agricultural Produce Marketing Committees (APMCs), will provide farmers with the facility to sell directly to consumers and bulk purchasers. However, progress in the adoption of many of these market reforms at the state level has been painfully slow. Each state invariably has its own set of priorities, socio-economic and political realities, cultural and historical legacy, budgetary compulsions and agro-climatic nuances, many of which come in the way of aligning the state policy with the national policy.

Land leasing also needs to be reformed. Most states either have legally prohibitive land leasing laws or adopt restrictive practices in different forms. The lease period, the landowners' right of resumption, conditions for its termination, the tenants' right to pre-emptive purchase of leased land, the conferment of ownership rights on tenants, the recording of leases, their heritability and rent regulations all need a look in.

Today, almost one of every five farmers, whether he or she is called a tenant farmer, oral lessee, share cropper or benami farmer, faces hardship in accessing credit and crop insurance and is also deprived of the relief benefits provided by the Indian government for crop losses and damages caused by natural calamities. An expert committee

adopted fully in only a few states of India so far.

The new Agri Export Policy exhorts greater involvement of state governments in creating agri-logistics and infrastructure, developing product specific clusters, promoting good agricultural practices and working on quality assurance systems. It also pushes for marketing reforms for doubling agricultural exports to \$60+ billion by 2022.

Cooperation between the Centre and the states is a sine qua non for the expeditious implementation of reforms in the agriculture sector. Hence, a structured mechanism based on the philosophy of cooperative federalism is the need of the hour.

There are several examples of successful cooperative federal institutions in India. The most prominent of them include the Inter State Council (ISC), five Zonal Councils, NITI Aayog, the Finance Commission and the recent Goods and Services Tax Council. We require a dedicated federal and cooperative body for the agriculture sector on the lines of the National Association of State Departments of Agriculture (NASDA) in the US, for instance.

NASDA works towards forging partnerships and creating a consensus among state departments of agriculture, the federal government and other stakeholders to achieve sound policy outcomes. One of the objectives of the institution is to develop a spirit of teamwork and cooperation among federal, state and territorial agencies with respect to