Agricultural Reforms

Why in news?

The recent agricultural sector reforms has the potential to not only transform agriculture but also the rural economy.

What was the recent reforms in agriculture?

- Three important laws are passed by Parliament to transform agricultural marketing system which attracts private investment of Rs 80,000-1,00,000 crore and employment for 15-20 lakh people.
- They are The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020, The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Act, 2020, Essential Commodities (Amendment) Act, 2020.

How they transform the agriculture & rural economy?

- Consolidation and integration of the agricultural value chain will take place by coupling the market requirements with the quality and quantity of production by farmers.
- Farmer producers' organisations will help in this integration bringing a higher level of mechanisation, which is currently at 40% and lower than China's (60%), Brazil's (75%), and the US's (95%).
- This mechanisation can also be facilitated by renting the equipments through the establishment of new private custom hiring centres (CHCs) having tractors, irrigation pumps and harvesters, among others.
- In the next 5 years a minimum of 2,000-2,500 new CHCs are expected to be set up attracting an investment Rs 2,000 crore from the private sector and creating employment for 30,000 to 40,000 people per year.
- Similarly, agriculture inputs and seeds would also see an uptake from the private sector in the form of investments in research and development (R&D) to develop organic, micro-nutrients and high-quality seeds.
- Private investments would also be made in the micro-irrigation segment, coupled with the development of strong market linkages.
- Every year around 93,000crore is wasted every year due to poor storage and transport infrastructure. Private sector involvement can reduce the agricultural wastage significantly by building relevant storage infrastructure.

- This attracts an investment of Rs 20,000-25,000 crore, creating employment for 5 lakh people each year during the construction phase. Further, 5 lakh people per year can be employed to handle the produce at these warehouses.
- With deregulation of APMC's, around 5,000 private mandis and procurement centres are expected come up in the next five years with an investment of Rs 15,000 crore, generating an employment for 20,000 to 30,000 people per year.
- Further, more than 20,000 sorting, grading and packaging centres are expected to come up in the next five years with an investment of Rs 10,000-15,000 crore, generating employment for another 1 lakh people.
- A critical aspect of trading is quality-assaying. At least 2,000 assaying centres within mandis and 5,000 outside mandis may get established to facilitate trade in the next few years employing approximately 20,000-25,000 people with an investment of Rs 10,000-15,000 crore.
- Additionally, private sector e-commerce platforms are also likely to be developed.
- Food processing clusters and 20 mega food parks near the farmgate will attract private investments of Rs 5,500 crore and generating employment for 1.5 lakh people per year.
- These reforms will boost farmers income 25-30% and additional income of 10-25% may accrue on account of preserving the quality of the produce through better post-harvest management.
- The above outcomes are possible if reform implementation process are effective, efficient, inclusive & if it helps all stakeholders to co-implement the vision in an environment of partnership and trust.

Source: Financial Express

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