Agriculture Needs a Predictable Policy Framework

What is the issue?

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Predictability and coherence in government policies are curtail to address farmer distress.

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What are the recent trends?

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- There has been a significant upsurge in pulse imports, in the range of 30% to 46%, in four out of the first six months of this financial year.
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- But currently, along the currently adequate stockpile of pulses, the domestic production is also at a record high and a bumper rabi crop is expected.
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- Among pulses chana and masoor are key contributors for India's pulses imports that totalled to over $1.6 billion in the previous two fiscals.
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- Hence, the government slapped a customs duty of 30% on the import of 'chana and masoor dal' to prevent cheap imports from hitting farmer earnings.
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- Notably, as international prices are staying low for long, traders are currently thought to prefer imports over local procurement due to the cost advantage.
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- This is move is seemingly late, as imports pressures has already eased considerably since September.
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What is the problem with such actions?

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- Other than the late response, reflexively raising or breaking such tariff walls, as the production cycle warrants, doesn't add up to a serious long-term policy.
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- Rather a policy for boosting farm incomes and ensuring food security should be focused and well thought.
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- Notably, in the case of a key protein source like pulses, such actions may be counterproductive

in the long run as it may hurt the exporter sentiments.
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- Significantly, last year, while pulse prices were soaring in the Indian market, pacts were signed with multiple countries to increase pulses imports.
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- If such strategic agreements are undermined impulsively, then it would become tougher to deal with times of shortages.
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What is the way forward?

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- Like investors, farmers too need predictability and coherence in government policies to be able to plan production cycles ahead and enhance earnings.
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- Also, it needs to be recognized that increasing import duty won't automatically lead to increase in farm incomes.
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- The challenge before the government is to enhance farm incomes without stirring up food inflation.
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- Also, building and protecting carefully cultivated food security partnerships around the world is another key aspect.
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Source: The Hindu

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