Assessing Farm Policies

What is the issue?

\n\n

\n
- India is witnessing continued farmer agitations in different states and the country's capital.
\n
- It is vital at this juncture to assess the structural and policy concerns that plague India's agricultural sector.
\n

\n\n

What are the policy shortfalls and possible solutions?

\n\n

\n
- **PMFBY** - The Pradhan Mantri Fasal Bima Yojna (PMFBY) was designed to provide crop insurance.
\n
- The Central government shares part of the premium subject to certain conditions.
\n
- The states have to wait for the Central government’s share, irrespective of the cropping density in the region and irrespective of whether the region is rain-fed or irrigated.
\n
- Allowing states to design their own crop insurance schemes and yet providing the Central government share of the premium would yield better results.
\n
- **E-NAM** - An incentive of Rs 75 lakh per mandi is given by the Centre to the states for linking each market with E-NAM.
\n
- However, some states log in all FCI purchases as E-NAM transactions and so, much of the recorded turnover is made up and not real.
\n
- Incentivising each state to have the electronic platform which meets the

basic criteria of interoperability with other states would be better.
\n
- **Trade negotiations** - As per the Constitutional provisions, trade negotiations are under the purview of the Centre.
\n
- However, the anomaly is that agriculture is in the domain of the states.
\n
- The Central government should try bringing the states into the decision making forum if international trade treaties involve agricultural aspects.
\n
- **Trade policies** - Every time food prices rise, the Centre intervenes to rein in inflation.
\n
- It responds by facilitating the unhindered import of agricultural commodities.
\n
- However, increased imports work against the profitability of the farmers.
\n
- The Centre should instead set a floor price for all such farm produce to reduce the impact of price fluctuations on farmers.
\n
- Bringing in place the “Price Deficiency Payment” mechanism, whereby the central government makes for the shortfall between the market price and floor price can help.
\n
- **Credits** - Scrutiny of the farm loan data, after a series of farm loan waivers, revealed that public and private sector banks have indiscriminately given loans to less credible farmers.
\n
- Evidently, loans were provided based on their asset value rather than economic viability.
\n
- The loans were arbitrarily given by the banks to also meet their own priority-sector lending target.
\n
- In all, the “one-size-fits-all” policy is becoming irrelevant for the farm sector and necessitates a more decentralised system for decision making, implementation and performance appraisal.
\n

\n\n

\n\n

Source: Indian Express

\n

