

Boosting Corporate Farming Ventures

What is the issue?

\n\n

\n

- Despite serious attempts, improving farm productivity on a large scale and addressing farmer distress remains challenging.

\n

- Evolving alternative models to overcome challenges is needed.

\n

\n\n

What could be an alternative solution?

\n\n

\n

- Major reasons for low farm output are low land unit sizes, high dependence on rain and farmer poverty, which hinders the procurement of quality input.

\n

- The farm-to-market linkage, cold storages and pricing mechanisms also provide for an unsustainable trading environment.

\n

- **The proposed solution** - Leasing land from a group of farmers by giving them double the money they earn annually can be considered.

\n

- Then expert firms can be contracted to produce and market output that meets high quality standards by using the best of inputs and technologies.

\n

- If 1000 such ventures gets created across the country, the expertise generated will gradually spread across the farming community.

\n

- While expertise and investments can resolve most issues, the holistic success will also require export of identified high-potential products.

\n

- **Securing Leases** - The ministry of agriculture in consultation with states, will have to identify contiguous pieces of land, of at least 500 sq km each.

\n

- These plots earmarked henceforth as “Agriculture Development Regions” (ADRs), can then become a “centre-state collaboration” production zone.

- \n
- The state government could take up the task of building farmer consensus for the ADR project, and it would be ideal to secure leases to the tune of 10 years.
- \n
- Concurrently, the farmer income projection over the period needs to be assessed and a considerably higher amount could be paid in instalments.
- \n
- Notably, ownership right over land will remain with the farmers throughout.
- \n
- **Private Collaboration** - Corporate farming ventures (CFVs) can then be invited to work on the ADRs, and modalities of the contract may vary.
- \n
- The objective would be to ensure a “zero financial burden” on the governments and CFVs can also be subjected to an employment clause for the locals.
- \n

\n\n

Why “Corporate farming ventures” CFVs?

\n\n

- \n
- Due to lack of funds, most states are constrained to reach out to farmers to the desired extent, which calls for fresh corporate farming investments.
- \n
- This would bring in the needed best technologies and help create infrastructure and also aid the percolation of best practices to the masses.
- \n
- **Proven Record** - Notably, CFVs have already made their foray into agriculture through engagements with lakhs of farmers across the country.
- \n
- Significantly, PepsiCo operates in nine states and has a proven profitability.
- \n
- Other ventures include, Hindustan Lever, Rallis, and ICICI jointly in Madhya Pradesh, Amul and NDDB in Gujarat, and Suguna in Tamil Nadu.
- \n
- CFVs have also reported higher yields in multiple crops - wheat, rice, sugar, cotton, potato, tomato, groundnut, safflower, marigold, poultry and milk.
- \n
- Also, much of India’s agri-exports currently originate from the CFVs as they better understand international quality demands and supply-chains.
- \n
- Cultivation cost reduction to the tune of 25 to 30% due to the use of laser

land levellers, and precision seeders has also been reported.

\n

- **Technology** - For perishables goods like fruits and vegetables, this means transportation in refrigerated vans after pre-cooling of produce.

\n

- Application of nano-technology for real-time monitoring of soil quality and precision input delivery techniques are also important technologies.

\n

- Government can even consider tax breaks for CFVs and work out arrangements by which regular farmers also get access to CFV facilities.

\n

\n\n

What could be the products in focus?

\n\n

\n

- **1st category** - This basket could cover those that India imports in high value, the significant ones being edible oil (\$10.9 billion) and pulses (\$4.2 billion).

\n

- Notably, India does have the necessary agro-climatic conditions to be self-sufficient in these products.

\n

- **2nd Category - This** includes fruits and vegetables, where we are already the second largest producers globally.

\n

- A CFV-driven approach will surely increase the production and export of high-quality products many times from the current standing.

\n

- Over horticulture exports are predominant in - grapes, banana, oranges, watermelon, papaya, pomegranate, tamarind, cut flowers and isabgol husk.

\n

- **3rd Category** - This would encompass all processed agriculture and dairy products, which can operate in combination with other categories too.

\n

- This will require setting up big processing units near the farms.

\n

\n\n

What is the way ahead?

\n\n

\n

- Hundreds of CFVs are already successful in India, but in isolated pockets.

\n

- The proposed model merely suggests mainstreaming their existence and using their expertise on a large scale with the help of the Government.
- \n
- The potential of farmers who are participating with CFVs could also be harnessed by other collaborative farm and non-farm agri-activities.
- \n
- All these will enhance farmer earning and also plug the gaps in the system where CFVs can't operate.

\n

\n

