Fair Deal for Farmers

What is the issue?

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Establishment of a mechanism to ensure a fair remuneration for farmers is urgently needed.

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What are problems with marketing agricultural produce?

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- Only a few staple crops are covered under MSP.
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- In the absence of a price safety net for non-MSP crops, farmers flood markets on harvest, resulting in a price crashes.
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- This inflicts financial losses on farmers in the name of free market, although low prices haven’t been observed to increase demand substantially.
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- The situation however, offers an opportunity for speculators, who hope to profiteer a few weeks later when stability returns, as most items can be stored for a few weeks.
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- The situation calls for a system correction to provide a mechanism for assuring farmers of a fair return for their efforts.
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What could be the way ahead?

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- Developing a mechanism that determines a farmer fair price (FFP) for all essential non-MSP crops could help.
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- This is to be done by taking into account, the cost of production plus a reasonable profit, at the beginning of every harvest season.
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- It could be made mandatory for all negotiations/auctions, for farmer produce to begin at FFP as the base price.
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- Farmer Producer Organisations (FPOs) could be called up to handle enforcement of FFP and negotiations if desired by farmers.
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- The FFP mechanism could be designed by the state marketing boards in consultation with all stakeholders.
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- At the consumer end too, a similar model of FFP can be established which makes the consumer aware of the prevalent price range.
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- This would keep the speculative interests away as abnormal profiteering would not be a possibility.
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Source: Business Standard

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