Farm Revival Options

What is the issue?

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- Despite its promising potential, agriculture and allied sectors witness low private sector participation.
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- It is essential that the government focuses on sustainable policy enablers than timely assistance.
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- This involves re-organisation of the key factors of farm production - land, labour, capital and technology.
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What are the policy options in this regard?

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- **Long-term leasing laws** - Presently, about 85 per cent of all land holdings belong to small and marginal farm categories of less than 2 hectares.
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- Fragmented land holdings result in low productivity and hinder infusion of technology and new farming techniques.
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- One option would be long term **leasing of farmland without alienating the land ownership** as in Rajasthan, Haryana, MP and Punjab.
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- This is in line with Niti Aayog's Model Land Leasing Act - no change in ownership and no tenancy rights, land reverts back upon expiry of lease.
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- Long-term leasing can also facilitate the entry of the private sector into agriculture.
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- This can bring in crop diversification, introduction of high-value crops, mechanisation and new farming techniques and technologies.
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- Private sector involvement can also result in investment in post-harvest

management and processing, creating more employment opportunities.
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- **Linking farmers to markets** - The long chain of intermediaries between the farm and the consumer has been impacting farmers' income negatively.
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- Delisting fruits, vegetables and other perishables from the ambit of APMC can give farmers the freedom to sell directly to retailers and food processing companies.
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- Also, aggregating farmers into Farmer Producer Organizations (FPOs) could enable improved market access and better bargaining capacity.
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- There is a need to mechanise and create ‘Agro Clusters’ in key production zones to ensure aggregation of produce.
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- Besides, commodity options in agricultural products can protect the farmers from the vagaries of distress sale in times of bumper harvests.
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- This will make visible the post-harvest prices at the time of planting.
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- **Supply chain and processing capacities** - Lack of adequate cold chain and storage infrastructure and processing capacity lead to huge post-harvest losses.
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- The private sector must be allowed to procure, store and distribute grains; even starting with the Public Distribution System.
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- This will bring down storage cost for the Government and result in storage capacities being set up in consuming States.
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- Increased processing capacity can ensure price stability and protect farmer interests.
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- **Agri startups** - Government should take steps to introduce modern entrepreneurship to Indian agriculture under the Start-up India Scheme.
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- This can help bring in modern technology and inputs to farmers.
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- In all, to double farmers’ income, it is essential to make agriculture a viable business opportunity.
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- Governments should focus on the above discussed policy enablers to facilitate the agriculture sector to contribute potentially to the economy.
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Source: Business Line

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