NITI Aayog's Suggestions for Farm Economy

Why in news?

\n\n

NITI Aayog made some key suggestions for the farm economy, in its recently released “Strategy for New India@75”.

\n\n

What are the key proposals?

\n\n

\n
- The NITI Aayog's propositions include -
\n

\n\n

\n
i. conversion of the Commission for Agricultural Costs and Prices (CACP) into an agricultural tribunal
\n
ii. replacement of minimum support prices (MSPs) with minimum reserve prices (MRPs) for auctioning the farm produce
\n
iii. setting up government collection centres and warehouses at the village or block level
\n

\n\n

What are the concerns?

\n\n

\n
- **CACP** - CACP is currently mandated to recommend the minimum support prices (MSPs).
\n
- What purpose would turning CACP into a tribunal in line with provisions of Article 323(B) of the Constitution will serve remains unclear.
\n

- Tribunals are meant basically to adjudicate the disputes and not for going into issues like crop prices.
\n
- As, these issues should, typically, be dictated by the dynamics of demand and supply in the domestic and international markets.
\n
- **MSP** - At present, MSPs are worked out by the CACP keeping the farmers' interests, among other factors, in view.
\n
- NITI Aayog is right in acknowledging that the MSPs can only be a partial solution to boost the farmers' income.
\n
- However, their replacement with MRPs to serve as the starting point for auctions at mandis might prove even worse.
\n
- There is inefficiency of agricultural markets, diversity of trading systems and hold of the middlemen over farm commodities' commerce.
\n
- Given these, the reserve price-based auction system may not suit the farmers.
\n
- Traders operating in the regular mandis would simply refuse to quote higher bids, to force the farmers to sell their produce to them outside the market premises at throwaway prices.
\n
- **Storage** - The plea for crop collection and storage facilities at the village level sounds a little utopian.
\n
- Despite efforts and investments over the past, crop procurement and storage infrastructure has failed to expand beyond a few wheat and rice growing regions.
\n
- In all, these may not likely serve to mitigate farmers' distress by doubling their income.
\n

\n\n

What are the other feasible proposals?

\n\n

\n
- NITI Aayog has suggested ending power and water subsidies and, instead, offering fiscal sops for micro-irrigation (like drip irrigation).
\n

- It has also emphasised on bringing in coherent and stable agricultural export policies, ideally with a time horizon of 5 to 10 years.
\n
- Such a policy regime is imperative to create a reliable export window as an outlet for the surplus farm produce.
\n
- [However, the recently announced national policy for agri-exports does not conform to this principle.
\n
- It has ample room for restricting exports at any time to manage the domestic prices of mass-consumed farm items.]
\n
- Besides these, the NITI Aayog has called for
\n

\n\n

\n
i. diluting the Essential Commodities Act
\n
ii. promoting contract farming
\n
iii. encouraging futures trading for better price discovery
\n
iv. facilitating sale of farm produce at relatively higher prices in the off-seasons
\n

\n\n

\n
- The recommendation to confer full-fledged infrastructure status on the post-harvest value chain to enable them to access the available fiscal incentives is also welcome.
\n
- It is now essential that these workable suggestions are implemented.
\n

\n\n

\n\n

Source: Business Standard

\n



SHANKAR
IAS PARLIAMENT
Information is Empowering