

Reforming the Agrarian Business

Why in news?

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- There are raising agrarian protests and agitation across the nation, government should find solution of such issues rather than supressing it.

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- Government schemes on agriculture are that packet of nutrients to the farmers.

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What is the issue?

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- Policies should focus on extension services, land leasing practices and the management of farmer producer companies.

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- Suddenly, farmers in India have a happening life.

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- A digital wallet, Smartphone apps, crop insurance, soil health cards, e-markets and best of all, an American dream that their incomes will double by 2022.

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- Farmers hear about Aadhaar having the potential to change their lives.

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- The news about 'One Nation One Market' is promising.

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- Agricultural commodity exchange 'NCDEX' has been making a lot of news.

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- The vibe in the rural is that 'something big is happening, but we don't really know what it means to us'.

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What are reforms in need among agrarian community?

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Strengthening the agricultural extension system:

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- Leveraging the technology and adapting it to local conditions, government extension departments should upgrade themselves.
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- A farmer should be able to raise an information or trouble shooting request through his/her mobile by simply voice recording or taking a picture.
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- It should be centrally monitored but locally delivered through the field agronomist.
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- A suggestion without any accountability will not have much relevance. Also, incentives for the officer should be based on outcomes.
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- Only then can tools such as Plantix implemented in Andhra Pradesh can be leveraged for this purpose.
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Regulatory reforms in land:

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- Land ownership is still a highly debatable issue in rural India.
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- The panel set up under NITI Aayog suggested reforms in land leasing policies, ramping up of land records and titles.
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- This will create better access to credit and help farmers realise the value of asset when required.
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- On one hand, we read that small scale farming has challenges due to diseconomies of scale.
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- On the other hand, land is being fragmented more and more with one generation handing it over to the next.
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- Without progressive regulations on land leasing or aggregation, farming will continue to be increasingly unviable in may parts of India.
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Creating hybrid governance structures of farmer collectives:

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 - Despite forming more than 3,000 farmer producer companies (FPCs) to solve the problem of distribution and diseconomies of scale.
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 - A recent study from the Institute of Livelihoods Research and Training found that many of these FPCs are missing both competent, business-minded leadership and transparency.
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 - Generally, in a company form of organisation, ownership and management are two separate boxes.
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 - But in farmer producer companies, farmers own and manage the set up.
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 - We know the limitations farmers have in terms of education and business exposure.
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 - This needs to change, it requires professional expertise and business acumen.

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What is the way forward?

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 - Today, 100 per cent of ownership and 100 per cent of management of FPCs is with farmers.
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 - If professionals and business-minded people are roped in, things can look better.
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 - With 20 per cent ownership in professional hands, things can change.
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 - There will be business interest for professionals to turn the business profitable and farmer groups can enjoy 80 per cent of the profits, too.
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 - However, regulation should provide safeguards against any exploitation by one party of the other.

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Source: The Business Line

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