Will Agri-Biz model benefit Farm sector?

What is the issue?

Most agri-tech firms focus only on supply chains and market linkages and fails to acknowledge the sustainability standpoint

What are Agri-tech companies?

- Agri-tech companies involve use of technology for farming that is developed to improve efficiency and profitability.
- Activities such as providing agricultural inputs and direct procurement from farm gates are monetised by such firms to achieve growth and scale to new markets.

What is the state of agribusiness-led development in India?

- More than 600 agri-tech start-ups exist today.
- Pandemic induced lockdowns have further increased farmers dependence on these agri-tech firms

How these firms transform Indian Agriculture?

- Majority of the emerging agri-tech firms have concentrated on agricultural supply chains leaving behind day-to-day cropping operations and ensuring the sustainability of farming.
- Recent report on the digitalisation of agriculture has argued that such technological changes brought about in agriculture are going to shore up environmental problems rather than solve them.
- It might lead to a “data grab” in addition to the ongoing land grab.
- Despite this, the Indian government is actively promoting techno-entrepreneurial development in agriculture.
- Agriculture ministry has released a draft framework called India Digital Ecosystem of Agriculture (IDEA) for promoting the digitalisation of Indian agriculture.
- It claims that digitalisation is important for elevating Indian agriculture to “higher levels of efficiency and productivity.

Why India promotes digitalisation despite ecological consequences?

- Agricultural development is seen in terms of developments in other sectors such as telecommunication and space.
- Natural farming seems antithetical to science and progress for some in the agricultural bureaucracy.
- Agricultural economists are worried about the incomplete liberalisation of Indian agriculture that started during the 1990s.

- They view that Indian agriculture is inefficient and in order to bring about greater efficiency, we need
    1. greater private sector participation,
    2. export-oriented growth,
    3. advancement in science-led digital technology,
    4. liberalised output market,
    5. active land lease market etc

Will it work?

- Free markets do not work in agriculture for several reasons.
- Global agricultural markets are highly skewed as a result of hugely subsidised agriculture in developed countries of the global North.
- Technology-led developments in the past have led to the emergence of environmental problems we face today such as soil degradation, depletion of groundwater, and increasing frequency of pest attacks.

Reference

1. https://www.thehindubusinessline.com/opinion/columns/will-agri-biz-model-benefit-farm-sector/article38031046.ece

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