

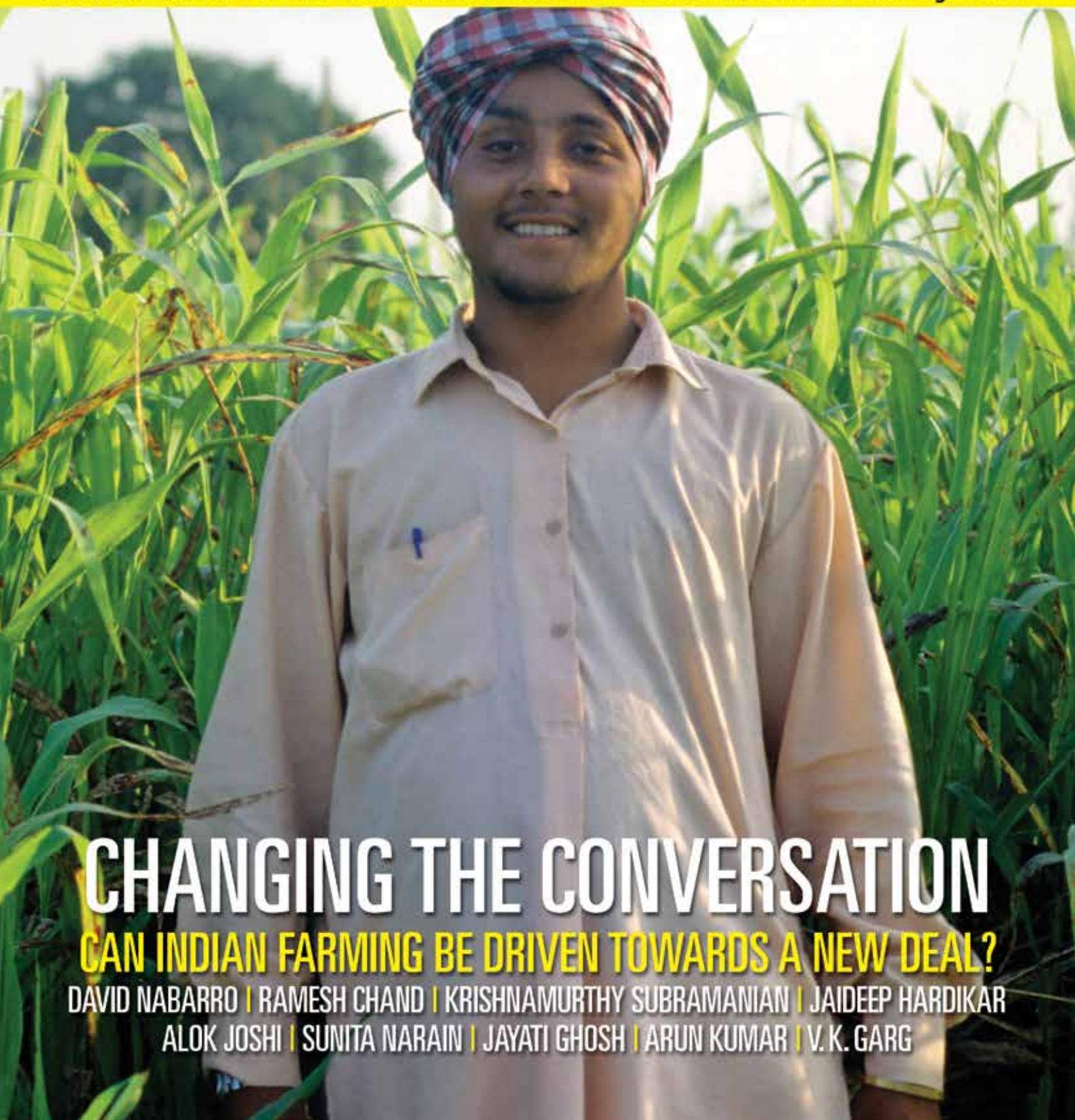
➤ Create Markets; Create Competition

➤ Securing a New Deal for the Farmer

# FARMERS' FORUM

Vol. 19; No. 06; Dec 2019-Jan 2020 ₹100 [www.farmersforum.in](http://www.farmersforum.in)

Issues and Ideas for Indian Agriculture

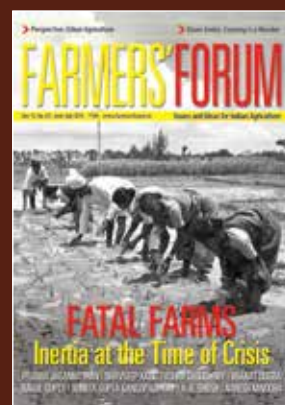


## CHANGING THE CONVERSATION

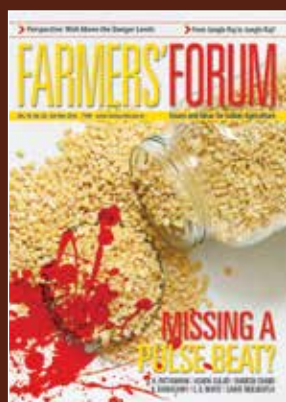
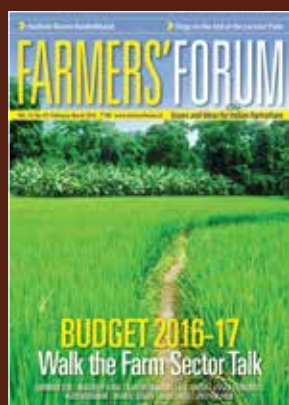
**CAN INDIAN FARMING BE DRIVEN TOWARDS A NEW DEAL?**

DAVID NABARRO | RAMESH CHAND | KRISHNAMURTHY SUBRAMANIAN | JAIDEEP HARDIKAR  
ALOK JOSHI | SUNITA NARAIN | JAYATI GHOSH | ARUN KUMAR | V.K. GARG

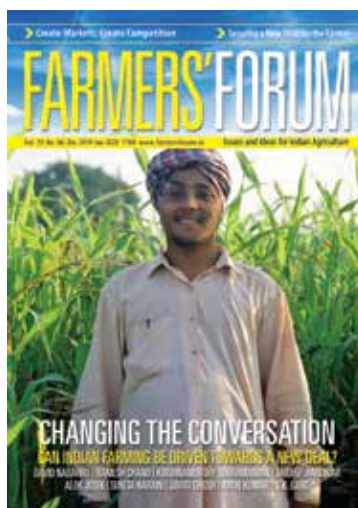




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Volume 19; No. 06;  
December 2019-January 2020  
RNI No. DELENG/2001/5526

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Bharat Krishak Samaj

**Published at**  
Bharat Krishak Samaj,  
A-1, Nizamuddin West,  
New Delhi 110013

**Printed at**  
Brijbasi Art Press Ltd., E-46/11, Okhla  
Industrial Area, Phase-II, New Delhi

**Cover Photo**  
Dinodia

The opinions expressed by the authors of the articles are their own and may not necessarily be endorsed by the Bharat Krishak Samaj.

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# Expanding the Paradigms of Farm Sector Advocacy

*A Russian gold miner leaves the mine every day with a wheelbarrow full of sand. The guard thoroughly checks the sand every day. On retirement day, the guard asks the worker, 'I know, you have been stealing something but can't figure out what it is'. The worker whispers back: "I wasn't hiding anything in the sand, I steal the wheelbarrows."*

Nowhere does the phrase missing the woods for the trees apply more than to facets of Indian farming; the big picture is so often lost in a preoccupation with the minutiae as the current predicament of limited perspective that afflicts India's farmer unions confirms. The leaderships of many unions, secure in their comfort zones, choose to remain oblivious of the larger picture.

The other insidious explanation is that in order to hold on to their leadership roles within the organizations they represent, they have simply confined themselves to issues that resonate with farmers, without actually doing sustainable good for them. Whatever the reason, the big picture around genuine transformation of rural livelihood across India is being missed.

There should be little doubt that such a paradigm shift cannot be achieved on the basis of minimum support prices, free electricity and cheap fertilizers that, in any event, cannot make for a sustainable solution. Given to advocacy on limited issues over the decades, farmer unions have ceded agriculture policy space to business-funded lobbies. The likes of CII, FICCI, PHD Chamber of Commerce, Assocham and the Fertilizer Association of India have constantly furthered the vested agenda of their members.

Further sully the waters, a few individuals in guise of representing farmer organizations have become lobbyists for the farm input industry, just as much as have some international consulting firms. Of late, international donors, like the Bill and Melinda Gates Foundation, have shifted the narrative around nutrition policy to one of food fortification.

**TRANSFORMATION OF RURAL LIVELIHOOD ACROSS INDIA, BASED ON MINIMUM SUPPORT PRICES, FREE ELECTRICITY AND CHEAP FERTILIZERS, IS NOT SUSTAINABLE**

## AFFILIATION OF FARMER UNION LEADERS TO POLITICAL PARTIES HAS BEEN A POISONOUS PILL FOR THE FARMER UNIONS AND FARMERS

In order to make farmer prosperity the fulcrum of the debate, the unions have to expand their advocacy to include all issues that have a strong bearing on the future of farmer livelihoods. That should include the state of the national economy, governance issues, transparency, government revenue collections, allocation of resources and such others. Equally critical are issues like rupee exchange rate, relative inflation and improving nutrition by generating consumer demand for fruits, vegetables and proteins in India, where it happens to be the amongst the lowest in the world.

The message that farmers must receive is that one is being not a votary for reducing farm support when one urges that the farmer be made to understand that it is important change the narrative to the inevitable repurposing of subsidies towards farm eco-system services. This may well be a very painful transition for farmers but a bitter pill that will need to be swallowed.

Essentially, the policy space has to see a metamorphosis singularly devoted to sustainable enhancement of the farming space. This is best achieved with farmer leaders reaching out to farmers repeatedly to explain how the present structure of subsidies is self-defeating and only shifts the costs to the next generations. Then and only then may politicians conjure the political will and courage to initiate bold structural reforms.

Many organizations, supportive of PM Kisan or cash transfers as a solution, do not realize that that the undertone of the trending dialogue around government reach is actually paving the way for the government to slowly abdicate its constitutional responsibilities of providing primary health care, quality rural education, sanitation, farm extension, veterinary services, public transport and other public utilities.

The affiliation of farmer union leaders to political parties has been like a poisonous pill for the farmer unions and farmers. Their leaderships have often become family





Photo: Dinodia

affairs, where affiliation is rewarded by plum positions when political mentors are in power. Adding to the morass are those guilt of simony, seeking caste concessions that lead to loss of trust, diluted leadership authority and destruction of farmer unity.

Having lost faith in the system and in farmer leaders, temporary outpouring on localized issues may well start to spiral demonstrations into faceless protests and manifest into widespread rural disobedience whether it be fuelled by ethnic, migrant or caste conflicts, as in Haryana in 2016.

Politicians have prioritized 'food inflation mitigation measures' that have come at a high cost of deteriorating farmer livelihoods. Farmers and those representing them need to introspect, rather than continuously berate the government, they need to change tactics, stop behaving like losers and clearly understand that they are in the soup, for no reason other than that they have developed a consistent tendency to vote on parameters other than their own stagnating economic condition. ●

**FARMERS SHOULD STOP BEHAVING LIKE LOSERS AND CLEARLY UNDERSTAND THAT THEY ARE IN THE SOUP, FOR NO REASON OTHER THAN THAT THEY HAVE DEVELOPED A CONSISTENT TENDENCY TO VOTE ON PARAMETERS OTHER THAN THEIR OWN STAGNATING ECONOMIC CONDITION**



Ajay Vir Jakhar  
**Editor**

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## To the Editor

### The Inexorable Advance of Climate Change

Sir, – Apropos of your editorial “Shift Farming Paradigm to Arrest Climate Change Impact” (*Farmers’ Forum*, October–November 2019), it is a shame that most Indians have not been made aware of the terrible impact of global warming and climate change. Even some farmers, who are the worst victims and many who have been rendered environmental refugees because of the advancing reach of climate change, do not completely appreciate the dangers looming large for them.

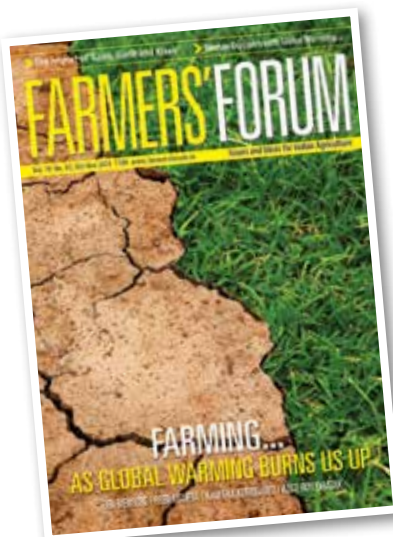
It does not matter which agro-climatic zone they are in and what kind of soils, rainfall and temperature patterns they are accustomed to or how much water is available to them. Everything will change under the baneful impact of global warming and every farmer will suffer.

**Satish Kumar**  
New Delhi

### Crying Need for Awareness Around Global Warming

I completely agree with your position in your editorial, “Shift Farming Paradigm to Arrest Climate Change Impact” (*Farmers’ Forum*, October–November 2019) that “civilizations have disappeared and empires have collapsed due to shifting rainfall patterns or prolonged droughts”.

The government needs to understand the severity of the impending doom and take immediate steps to address it. Nevertheless, given the state of unpreparedness, it is important that farmer



## Bhutan Shows the Way

Aditi Roy Ghatak’s article under Greenfingers (*Farmers’ Forum*, October–November 2019) “Happy Highlanders... As Bhutan Grapples with Global Warming”, shows that it is time that India started to work along the lines of Bhutan. Like many regions in India, Bhutan is seriously under threat, particularly from the Glacial Lakes Outburst Floods as glaciers retreat. It is heartening to learn that Bhutan has a National Adaptation Programme of Action, which is constantly being updated.

**Harpal Singh**  
Karnal, Haryana

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a comprehensive  
understanding of Indian  
farmer concerns**

organizations like yourselves take up the responsibility of spreading awareness through village level meets.

**Mahinder Nath**  
Ludhiana, Punjab

### Time to Find Solutions

Your report on the New Delhi 2018 Food Systems Dialogue (*Farmers’ Forum*, October–November 2019), ‘Collectively making food systems work’ was heartening, to say the least. Its suggestions were simple and significant and it is satisfying to see enlightened farmer organizations like the Bharat Krishak Samaj have got seriously involved in taking the dialogue forward. We look forward to the report of the 2019 dialogue because it time to talk solutions even as we talk about the problems.

The 10-point agenda for action that you published is succinct and I am particularly pleased that you have touched upon the issue of diversity of insects. There is a crying need to address chemical farming that, as you rightly point out, “should be better managed because at present it is leading to a decrease in diversity of insects and, relatedly, an increase in the incidence of resistant pests affecting farmers’ crops”. At least 75 per cent of insects have disappeared and the lesson that you teach is significant: “Insects, left alone, regulate themselves, and do not become pests. Nature does not create pests, farming create pests; therefore, taking steps to maintain biodiversity ensures that you do not turn insects into pests”. This is a learning that must be taken in with all earnestness.

**Mohan Srivastava**  
Jaipur, Rajasthan





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**COVER  
STORY**

A photograph of a farmer in a white kurta and cap crouching in a field of harvested red onions. The farmer is looking down at the onions, and his hands are resting on the crop. The field is filled with a large quantity of red onions, and the background shows a dry, open landscape with some sparse vegetation and a small pile of harvested produce in the distance.

# Putting the Farmer Voice at the Centre of Farm Policy Dialogues

*A Farmers' Forum Report*

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Photo: Dinodia

**T**he biggest hurdle that farmer organizations face when they seek to make farm policy interventions comes from the limited perspective that they have traditionally had. Farmer unions have generally remained focused on production parameters, trade, seeking support for input prices and farm gate prices and stopped there.

“There are larger issues that impact farmer livelihoods, rural livelihoods and that is where farmer unions need to go. These include the state of the national economy, the quality of the governance, the law and order situation, how the government collects its revenues... This is important because if the government does not collect revenues, how can it be spending money? There are other equally critical issues: generating employment and demand and such others that impact farmer livelihoods, which farmer unions should worry about”, said Ajay Vir Jakhar, Chairman, Bharat Krishak Samaj (BKS) and Editor, Farmers’ Forum, setting the ball rolling at “Food System Dialogues 2019, held at the India International Centre, Kamaladevi Complex, New Delhi, on November 11, 2019.

The New Delhi Food System Dialogues 2019 held under the aegis of the global ‘Food Systems

### Four Workshops

The New Delhi dialogue identified and prioritized four sectors within food systems, which must change to create efficient, healthy, sustainable and inclusive food systems on which it held **four workshops** prior to securing expert comments on them.

- 1. Climate Change; Food Availability & Strategies.** Workshop partner: Centre for Sustainable Agriculture; Facilitator: Siraj Hussain, Former Secretary, Union Ministry of Agriculture,
- 2. Providing Financial Support to Farmers.** Workshop partner: Department of Agriculture & Farmers’ Empowerment, Odisha; Facilitator: David Nabarro, recipient of “2018 World Food Prize”
- 3. Agriculture, Diets and Nutrition in India.** Workshop partner: International Food Policy Research Institute; Facilitator: Ashish Bahuguna, Former Secretary, Union Ministry of Agriculture
- 4. Making Data Work for India’s Farmers.** Workshop partner: mindtree.org; Facilitator: Marius Sandvoll Weschke, Food Systems Dialogues







Photos: Dinodia

Dialogue' movement and the Bharat Krishak Samaj sought to change the paradigm of debate around India's agrarian crisis, making it all encompassing and discussion driven around issues not generally discussed by agriculture/farmer organizations. The BKS chairman, enumerated other problems, the second being that the agriculture space has been ceded to organizations funded by business houses, which is an enormous problem.

"There are business houses like the FICCI, CII, PHD Chamber of Commerce, Assocham and others, that talk on agriculture. Yet, none of them gave an official opinion on the Regional Comprehensive Economic Partnership (RCEP) because they did not know what the government wanted. That is hardly surprising because they habitually toe the government line and pander to the government departments and, when their voice gets heard on agriculture policy, the policy does get messed up", he explained.

He hoped that other farmer organizations would "join the Bharat Krishak Samaj in trying to take back space from organizations funded by business houses and come to the forefront of making policies that increase farmer prosperity".

Taking over from him, David Nabarro, winner of the World Food Prize 2018, explained the architecture of the New Delhi dialogue with four workshops (*See box*) on the overarching themes, followed by expert comments on them. "Compared with last year, there is a real willingness of different actors to work together, to learn from experiences in different districts and states and to find ways to make sure that farmers and food processes are at the centre of attention", David Nabarro said.

If this style of dialogue can be maintained and put within the political context, particularly at state and central levels, this will be a very promising basis for gradually advancing some of the challenging areas in food in the coming months and years", he emphasized.

He complimented the BKS for putting the voice of the farmer at the centre rather than the periphery of the debates on the future of food and access to food here in India and said that his own work focused on the challenges on sustainable development, particularly development that brings together the person, the environment and the economy in an integrated way.





## Sustainable development and climate change represent the big challenges to be addressed to ensure a decent future — not for our generation or the next — but for future generations

“I also deal with the challenge of climate change because I believe that this is existential and vital for all of us. Together sustainable development and climate change represent the big challenges that have to be addressed in order to ensure that there is a decent future; not for our generation, not for the generation of the age of my children but the generation after that: my grand children and their children. That is the community for whom, I believe, we should be working for right now and we are doing it together”.

Talking about the future of food systems means talking about the future of farmer livelihoods, talking about the leadership skills needed for multi-actor efforts. The two panels at the dialogue would look at the future and think about it from the point of view of the farmer, within the context of the wider society in India, which is still very much an agrarian society that is urbanizing rapidly, he explained.

The speakers and panelists included Ramesh Chand, Member, Niti Aayog, Krishnamurthy Subramanian, Chief Economic Advisor, Government of India; T. Nanda Kumar, former Secretary, Union Ministry of Agriculture; Yamini Aiyar, Centre for Policy Research; Alok Joshi, former Chief of the Research and Analysis Wing; Dr Sunita Narain, Director General of Centre for Science & Environment; Jaideep Hardikar, writer; Sunil Jain, Editor, Financial Express; Prof. Jayati Ghosh, Professor of Economics, School of Social Sciences; JNU; Prof. Arun Kumar, Malcolm S. Adiseshiah Chair Professor, Institute of Social Sciences; V.K. Garg, tax consultant and the inimitable Rabbi Shergill, artist and musician. The discussions were accompanied by on-the-spot graphical representations by Tanvee Nabar of Lady Fingers Co. ●



A person is silhouetted against a bright sunset sky, carrying a large, heavy bundle of hay or grain on their head. The person is standing in a field with some trees in the background. The overall mood is peaceful and rural.

**COVER  
STORY**

# Bringing Food Systems Stakeholders On One Page

**David Nabarro**



I have the real joy of being the curator of the Food Systems Dialogues, which have become a very exciting venue for people with very different points of view to come together and explore ways in which they can find a measure of agreement between each other so that they can work together for better outcomes in the space in which people and food are inter-related.



**DAVID NABARRO**  
Winner World  
Food Prize 2018

The dialogues were established a year and half ago and have some consistent values about the importance of everybody being able to talk, to be heard and the need for inclusion, so that all who are involved in the food systems can find their place and be present. The first of the India dialogues was organized by Bharat Krishak Samaj in October 2018, with 125 participants. It was a very spirited discussion with some major dissent exposed at various points.

That was exactly what we want the dialogues to be because it is only through having divergence and dissent and working through them in a respectful and frankly constructive way that we will get progress. Participating in the four workshops, I was really inspired by the quality and potential impact of the discussion, which was a real improvement on how things were conducted last year.

We have had 21 Food Systems Dialogues around the world. I am here with three of the Food Systems Dialogues team, Marius Sandvoll Weschke, Laura Ovies and Florence Lasbennes, my partner in the 4SD organization, which is the one supporting the dialogues. The 1,100 people participating in the 21 dialogues so far are finding this way of working together very helpful as a way of navigating the differences that they have.

Four big themes have come out of the Food Systems Dialogues discussion in Africa, Asia, Latin America, Australia, Europe and North America.

1. The nutritious and health implications of what we eat are becoming increasingly important. It is clear that between one third and half of old people lose their lives because of illnesses associated with diet. Therefore, the links between food systems, nutrition and health are becoming much more significant everywhere and this is happening super fast.
2. Changes in food systems are being undertaken but those who produce food – the farmers, the



fishers, the livestock keepers and those who process these raw materials to turn them into the kind of food that we might purchase and then eat – are not included in the discussion. Unless those producers and processes are involved, the discussion is half baked. They need to be there but getting them there is not easy, especially if they feel that they are being blamed for everything wrong with the food systems.

3. If food systems are going to change, incentives, particularly financial incentives, have to encourage the right changes.
4. There are real challenges all over the world in the way in which the climate change is impacting the food systems and particularly on those who produce food. It is no more a question of when climate change will hurt. It is more a question of how can we help those, whose livelihoods are hurt as a result of climate change, to be resilient in the face of that impact.

We are feeding these four big areas as themes into planning for an International Food Systems summit that the United Nation plans to organize in 2021. Today, we are going to get the feedback from the four workshops in the second Food Systems Dialogues session in India. The report back will be followed by some commentary on the session and question and answers. This will be followed by expert responses to these four report back sessions from Dr Ramesh Chand, member, Niti Aayog and Dr Krishnamurthy Subramanian, Chief Economic Advisor to the government of India.

An extra special person here is Tanvee, a graphic artist, who will capture proceedings artistically on various white boards that she has set up on the easel. ●





A high-angle, close-up photograph of a man with dark hair, wearing a red and black plaid shirt and blue trousers, crouching in a market stall. He is sorting through a large pile of fresh green leafy vegetables. To his right, a green mechanical scale sits on a wooden surface next to a silver metal bowl. In the foreground, several woven baskets are filled with various fresh produce: one with green beans, another with yellow beans, and a third with small, light-colored root vegetables. In the background, more fresh produce is visible, including a basket of red tomatoes and a blue cloth. The scene is brightly lit, emphasizing the freshness of the food.

**COVER  
STORY**

**THOUGHT SHOPS  
TO UNDERSTAND**

# **Overarching Food Systems Themes**







## WORKSHOP 1

**Climate Change, Food Availability  
and Strategies: Breaking Silos,  
Integrating Knowledge***Workshop Partner: Centre for Sustainable Agriculture**Facilitator: Siraj Hussain, Former Secretary,  
Union Ministry of Agriculture**Report Back: Dr G. V. Ramanjaneyulu (Ramoo)*

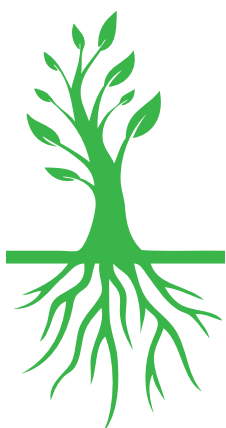
A vibrant discussion among participants from diverse backgrounds—from universities and bureaucracy; there were farming activists and a few journalists—resulted in certain key subjects coming up:

1. Climate change cannot be understood in isolation, without understanding the on-going agrarian crisis, which climate change is compounding. How should the agrarian distress be addressed from the climate change perspective?
2. It is important to drive public policy and question particular models of agriculture. Only certain crops are promoted, certain models of production are promoted and an intervention is made when there is distress but the intervention actually perpetuates the cause of distress. Paddy in Punjab, for instance has now attracted an MSP of ₹1,815 per quintal, which can only push up the area under paddy instead of bringing it down. The question is how public policy intervention can be changed so that right models of agriculture are promoted.
3. Drip and sprinkler irrigation systems and subsidy use showed that while technologies are available and the results can be good, the implementation varies across the country and even within states. Four states in south India had 80 per cent subsidy utilization but not the northern states. There were significant variations even between the south Indian states and variations from district to district within the states. Two districts capture most of the subsidy schemes. Given this situation, how does one rationalize subsidies so that right technologies and right systems can be used to move forward?

**There are several models  
of people trying out to come  
out of the crisis on their own.  
How mainstream institutions  
understand them is critical**



4. How can multiple silos built over the past years be integrated. There are too many silos of knowledge systems, too many silos of specializations that do not talk to each other and too many silos of schemes. How can integrated systems at the farmer level be created because integration is of the essence? Platforms like farmer producer organizations or panchayats or other institutional models, where such integrations can happen, were considered. The idea was to competently address local issues rather than have a very top-down approach.
5. Whose knowledge would count eventually? Often, the universities say something, the farmers say something else, while the belief systems actually drive certain things. Belief systems do not refer to farmer and traditional practices; even scientific institutions are driven by belief systems. It is important to make belief systems more scientific and rational and institutions more accountable.







6. Understanding different systems is important as the on-going debate about natural farming across the country shows. There are many examples embodying different knowledge systems, which should not be dismissed but understood. If there is 60-70 per cent commonality and some 30 per cent variance, the effort could be to understand the variations and build on the commonalities rather than perceive the differences as a big thing and dismiss the whole knowledge system. There are several models of people trying out to come out of the crisis on their own. How mainstream institutions understand them is a very critical.
7. Documenting the best examples across the country and continuing what the government begins is critical. Often the government begins certain things but there is no continuity as is the case with the National Mission for Sustainable Agriculture, one of the eight Missions under the National Action Plan on Climate Change. No one knows what happened to the plans created and whether they are being implemented or not.
8. Ensuring co-existence of knowledge systems and creating support systems so that they co-exist is critical. Integration of the many silos can possibly lead to some answers to the crisis today.



Failing this, one will be groping in the dark again and different belief systems will be at conflict with each other.

**David Nabarro:** One must seriously ensure co-existence of knowledge that comes across sectors and support systems that ensure that knowledge, particularly from local communities, remains relevant. Integration across silos is going to be necessary if farming and food systems are to be supported so that they can take account of climate change.

**Audience:** From the climate change perspective, the two important components of agriculture are water and soil. You spoke about water and water use efficiency, irrigation facilities and micro systems, with unequal performance pan-India. There should be equal focus on soil erosion, soil fertility and inter-cropping. These important issues need to be built into the dialogue.

The silos to be integrated need to be understood. There is agriculture, horticulture, animal husbandry, sericulture with farmers in each of them and there are specialists handling each of these departments. Integrated Raitha Samparka Kendras that many states have, with farm extension workers, may be a good idea. An extension worker for every farmer need at the kendra may help address a lot many issues. Agricultural practices that would address climate change issues such as conservation of water or conservation of soil should be understood.

**Ramoo:** Actually, land degradation was discussed.

**Question:** You spoke about rationalization of subsidies. I wonder why when it comes to agriculture and farming sectors there is talk about rationalizing subsidies but never when it comes to the corporate sector. Corporate tax is being waved off, non-performing assets are written off and companies are being bailed out. Why does the farming sector have to bear the brunt?

**Ramoo:** The discussion was not withdrawal of subsidies but about





rationalizing them to drive in a good change and, since we were discussing agriculture, we restricted it to agriculture. Any public investment should drive a good change.

**Ram Kaundinya:** What about meeting food security and nutritional security requirements through various strategies?

**Ramoo:** There was discussion on variations in practices and the need to document the best practices across different situations both in institutions and at the farmer's level and then integrate them.

## WORKSHOP 2 Providing Financial Support to Farmers: Learning from the Direct Income Transfer Experience

*Workshop Partner: Department of Agriculture and  
Farmers' Empowerment, Odisha*

*Facilitator: T. Nandakumar*

*Report Back: Adarsh Kumar, World Bank*

Direct income transfers have been an important pillar of support to the farmers and a welcome innovation led by states, particularly Orissa, Telengana and some others. The presence of Dr Saurabh Garg from Bhubaneswar and V.J. Utkarsh, who has worked with him in Odisha, enriched the dialogue that began with a presentation on how the 'Kalia' scheme was rolled out in the state.

Kalia provided several best practices that could

instructive for other states: the inclusion of landless labourers under the scheme and beneficiary identification by bringing together databases across government and developing an algorithm to identify beneficiaries. The emergent issues:

1. The question of conditionality was examined to determine whether 'conditionality' should be considered. There was some agreement that, at the outset, the unconditional nature of the scheme was a very good thing as capacities were being developed and understanding obtained on how to target and deliver these services to farmers and landless labourers.
2. Caution should be the watchword while proceeding with the direct income transfers. They are one of the multiple pillars of support to farmers; other pillars comprising other supportive schemes should be examined for their efficacy. The idea is to rationalize them and make them more effective in terms of the desired outcomes vis-à-vis the farmers and building capabilities for them.
3. Providing public goods and public investments into areas like R&D, market development and such other services to farmers were very important and the transition should be critically managed.
4. The roles of markets and the private sector need to be understood. Institutional credit is an important pillar for providing financial support to farmers. It is a form of investment into the sector and providing credit encompasses issues like markets and commercial viability. Thus market



reforms, promotion of both public and private investments, which create an enabling ecosystem for market-led growth, assume importance.

5. Policies on competing objectives that are in play, including price controls over agricultural produce and food baskets, lead to a controlling produce price versus increase in farmer incomes scenario. A more comprehensive set of reforms is necessary and there has been talk around the APMCs. The other question is how private investors could be encouraged to invest along the value chain.

One big and heartening learning from Kalia has been that 30 per cent of farmers who are beneficiaries under the scheme are women. This was a desirable outcome across the entire gamut of issues and there is need to determine how women could be better targeted and encouraged to enhance the capacity of women cultivators and workers.

**Krishnamurthy Subramanian:** How was the inclusion of landless labourers achieved? That is very interesting.

**Saurabh Garg:** First, Kalia offered greater financial support to farmers than to landless labourers, obviating the need for beneficiaries to claim landless labourer status. Everyone would rather be a farmer because of the greater incentive. Second, farmers were categorized as those with land or those without. For the landless there was self declaration that was cross checked by posting the list on the gram panchayats walls and asking

## Kalia offered greater financial support to farmers than to landless labourers, obviating the need for beneficiaries to claim landless labourer status

for incorrect information to be identified and objected to. Wherever possible, other databases were referred to. There were the Pradhan Mantri Fasal Bima Yojana procurement databases where land-holding status of beneficiaries was recorded. Overall, more than 35 lakh to 40 lakh applications for landless were weeded out. Only 15 lakh qualified as they were cleared by all other databases, including the Socio Economic Caste Census databases.

**Adarsh Kumar:** One of the learnings from this programme for other states is creating a database or registry of beneficiaries.

**David Nabarro:** Reducing the numbers from four million to 1.5 million is an extraordinary achievement.

**Santosh Mehrotra:** I am a Professor of Economics at Jawaharlal Nehru University and I was in the climate change group. Climate change has relevance to this group that discussed intervention







by way of financial support to farmers through income support. A whole series of financial support is given to farmers through subsidies and through price support. The climate change group believed that India has come to a fork in the road as far as agriculture policies are concerned. Price support and subsidy-based support have gone on for at least five decades and, when they proved inadequate, there is income support as Odisha and other states have been providing. PM Kisan is another example. Surely there is a trade off here that the Niti Aayog is talking about. The trade off still exists and all this expenditure is at the cost of investment expenditure or subsidies for sprinklers and drip irrigation, which is working only in four states. There is a real issue out there. So it is not really just about providing support to farmers. It is about providing support to an agricultural system that is sustainable in the long run.

**Adarsh Kumar:** I absolutely agree. Our discussions reflected that by way of clarifying that direct income support is only one pillar of support to farmers and had to be evaluated in terms of the existing pool of subsidies. What are they achieving and how does one support the whole ecosystem for farmers to make better decisions that lead to better outcomes for them? Other consequences, like the environmental consequences, the unintended consequences like the

fertilizer subsidy, which does not have a good effect on optimal use of fertilizers at the farm level, were discussed. How do you promote private buyers to come in to the market or private investment? There must be an ecosystem approach and the question is how does one provide this package and enhance the ecosystem for farmers.

**Arvind Padhee:** I am from ICRISAT. It is very heartening that Kalia covers landless labourers in Odisha. In India, land leasing is not legal in many states and there are many absentee landlords though it is common knowledge that land leasing is rampant in many states. How does one take care of the land lessees?

**Saurabh Garg:** This issue of land lessees and share-croppers is universal, across states. We skirted that legal issue by saying that our scheme is for all farmers and agricultural labourers, irrespective of their land holding because identification is a problem. We had some databases from the procurement side where people had declared other land (apart from owned land) that they were cultivating that was taken on lease. There is a model Land Leasing Act that the Niti Aayog had circulated and a model Contract Farming Act that we are working on and we expect to achieve closure on them. We





need to recognize that lack of legal structure for land leasers causes problems in a number of ways, including access to credit because they do not get credit and that is an aspect that one needs to work on quickly.

**David Nabarro:** As somebody who has worked a bit in research in my earlier life, what really impresses me, listening to Dr Garg, is the courage of the experiments underway in Odisha and in Telangana, as well as the wider government experiment but particularly your effort to find a way to reliably identify landless people without stigmatizing them. I was very impressed with the care with which you decided to work with gram panchayats to do this.

### WORKSHOP 3 Agriculture, Diets and Nutrition in India: Stemming the Deterioration in the Food Environment

*Workshop Partner: International Food Policy  
Research Institute*

*Facilitator: Ashish Bahuguna, Former Secretary,  
Union Ministry of Agriculture and David Nabarro*

*Report Back: Gauri Sarin, Bhumijaa*

Focusing on how to think ahead in terms of power shifts needed to bring the food systems to a new place, given the deteriorating food environment, especially in terms of nutrition and health, the workshop found areas of agreement and diversity in its mixed group, comprising people from the hotel industry to anthropology to nutritionists

to researchers in food and nutrition and, of course, practitioners. The food environment is deteriorating in urban diets, rural diets and urban poor diets, whether in terms of malnutrition or obesity. Diets are deteriorating as fast as lifestyle diseases are increasing, primarily because:

1. Grains are comparatively cheaper because of the way the political economy of agriculture has been created over the years. This has ensured that the grains are a lot cheaper than any other foods, especially the perishable food, the protein rich food and the high nutrient food. The existing biodiversity of food, the traditional diversity and overall diversity have not been focused on.
2. There are number of bottlenecks when it comes to perishables and protein-based food, including fisheries and animal husbandry. Poor systems lead to huge wastages. There is blockage in every part of the value chain, whether the cold chain, supply chain and the post harvest technologies or processing, leading to wastage. Transportation systems are inadequate leading to poor access to food.
3. The information environment on healthy eating is very poor. The information coming to consumers, whether at urban or rural levels, is pushed by certain agendas (not specifically defined). It was acknowledged that packaged food is clearly unhealthy.
4. Inadequate information on healthier choices that can easily be the alternative or right away has been the bane of the food scene and labeling has been completely absent from the ecosystem.





Therefore, awareness needs to be generated by institutions like the National Institute of Nutrition and several others currently working in this area. There is not enough advocacy though the social media has played an extremely active role in pushing high quality organic food and traditional food.

Solutions to be explored include creating financial or other incentives to drive the demand for high-quality, high-nutrient food and not just incentives. Taxing unhealthy food and subsidizing healthy food was discussed. Price has been a big show-stopper because it denies access. There are other clear logistical, infrastructural and structural limitations.

Government and non-government organizations should give a huge push to agro ecology integrated farming solutions like peri-urban agriculture and traditional agriculture.

Are traditional foods healthier? There were strong opinions that traditional food systems need to be promoted because they had very high nutritional value and were better understood. Better awareness must, however, be generated both at the supply and demand levels. There is also need to be selective about what comprises traditional food and how they will be pushed. There was consensus on the criticality of agro-ecology and the need for government policies to support it in a big way to promote healthy eating.

Solutions could also be found in the public distribution system (PDS) that was originally supposed to provide food to the millions of people who did not have access to food. Unfortunately, the PDS has been oriented to grains that are calorie-rich but not diverse enough. Making it diverse would be difficult and, perhaps, detrimental as well.

Two other critical questions were:

1. Should the PDS be done away with or diversified or improved? The government must examine this very closely. Trade should support diversity but unfortunately products are imported that can easily be replaced by Indian produce.
2. How do we define the food basket that is high in nutrients; through fortification, diversification? This needs across-the-board debate on different segments.

**C. D. Mayee:** In agriculture, we are still in what we call the green revolution era. We are only interested in production but never in the quality



## The value nutri cereals has gone down because of cheaper options like wheat and rice. Wheat and rice are also biofortified and should be promoted

production that must be insisted on. There is a series of biofortified cereals now available (nutri cereals) but what kind of support should be given so that it is promoted more? We talk about nutri cereals but their value has gone down because of cheaper options like wheat and rice. Wheat and rice are also biofortified and available and should be promoted under current programmes.

**Gauri:** The whole aspiration around wheat and rice and the need to reverse it through support systems was discussed. Market imperfection in the mandi system, for example, the current structural problems related to the markets and whether there are any alternatives were also discussed. There were different views and one was that the organic system seems to have disrupted the mandi system but there are not enough efficient alternate systems apart from the simple, local peri-urban models existing





today. Are they enough or do we really need to do much more to provide efficient logistics?

**David Nabarro:** Very interesting; while there are signs of disruption, is there enough disruption to go by the 20:80 rule? They say that a 20 per cent disruption in consumer demand will lead to a new norm.

**Gauri:** We could be getting there soon.

**M. S. Jaat:** Agricultural diets and nutrition lead to agro biodiversity in all its aspects such as financial support to the farmers and climate change. What is the vision for agro biodiversity for nutrition, diets and making agriculture sustainable? The key point is that agro biodiversity helps in climate change adaptation, provides financial support to farmers, nutrition and health. How does one make use of agro biodiversity for all those things?

**Gauri:** You have hit at the heart and core of what we should be really talking about in terms of diet and nutrition. Each Indian state has its own/indigenous agro biodiversity. A lot of it is getting lost because of the import of seeds and hybrid seeds technology that are replacing traditional seed systems.

The organic movement is, however, gaining ground in India at local levels, at our levels,

at NGO-driven/supported levels but also in government levels in Andhra Pradesh, Sikkim, Uttarakhand and Himachal Pradesh, for instance. Many states are slowly getting converted into national/organic ecosystems. They are supporting traditional biodiversity seed systems too.

This is not just a part of the larger integrated farming production model but also a part of the consumption demand model. What we see as the future of diet and nutrition in India is really demand-driven. Thus far the whole agriculture space has been about supply and it is time that it was made consumer centric and demand driven. That is why the call for agro biodiversity.

**David Nabarro:** I am excited about the way in which that report back emerged in terms of looking ahead and thinking about the emerging power shifts to bring the food systems along to a new place. Whilst, some of you are very aware of the current power dynamics leading to the system as it is in the moment, I sense from listening to the workshops today that you perceive signs of shifts underway. It will be great if we have the opportunity to have more of these kinds of dialogues over time and feel those shifts using both anecdotes and more rigorous experimentation to see how the shifts are occurring.







## WORKSHOP 4 Making Data Work for India's Farmers: Integrating Diverse Systems Across the Data Ecospace

Workshop Partner: Mindtree.org

Facilitator: Marios Vasquez

Report Back: Prashant Mehra from Mindtree and  
Satyam Gambhir of Platforms Common Foundation

The key stakeholders in the farm sector data ecospace are the government, the 110 odd agri-tech start-ups in the country, farmers, civil society organizations and agri research and knowledge institutions. The workshop identified three key areas for discussions around making data work for farmers:

1. Ensuing data flow across diverse systems, using inter-operability of new and existing data platforms.
2. Governance and data privacy laws and
3. Incentivizing all the key platform stakeholders and determining what would encourage the key stakeholders to come on such a platform.

Three key principles, by no means exhaustive, were arrived at that could be categorized under:

- Data inter-operability standards – given that various systems work on their own standards and the need for a simple, practical, consortium-led approach – could begin with a few parties starting to exchange data with each other on a standard format. After several iterations, improvements would follow and standards would evolve, whether around weather data, soil data, inventory or crop data. The important thing is to arrive at standards in which various systems can talk to one another.
- This idea is to deploy federated, as opposed to a centralized, digital backbone into which all of these systems can plug in and in which all



organizations, systems and stakeholders could discover each other, transact with each other and create hooks for each other into the platform, in an improved version of [data.gov.in](http://data.gov.in).

- The concern was government and privacy policies around data ownership and about ownership of data being with the farmer and not with the corporate. Certain sections of data may need to be owned by the government and that would eventually define what is publicly available in terms of analytics.

A digital wallet, a copy of data, should be with the farmers all the time and even if parties stop engaging with this ecosystem, the data stays with the farmer. This is to obviate systems in which data resides in certain third party servers and hosting providers and not with the farmers.

There was also the issue of monetization of this shared data and sharing a part of the revenue with the farmer, if a start-up or a corporate monetizes the use of this data. There is need to determine what portion of the revenue the farmer would get.





**Satyam Gambhir:** That is exactly the point. There needs to be a digital backbone for the country with every stakeholder able to plug in for data right from the time the farmer decides to sow, the various agencies involved, profit or non-profit, organizations that want to provide services, harvest and post harvest; everything served by a single backbone.

1. A weather-based advisory system, built by one company and run by it
2. A system for tenant farmers
3. A completely independent system that had 80,000 buyers and sellers and
4. A production monitoring and FPO management system.

The kind of user flow that one wants to build, right from deciding what crop the farmer will grow and what will be the portfolio of crop, livestock that the farmer has down to the retail. The digital backbone can ensure that and by standardizing the data interchanging formats, the data becomes meaningful to all the players. This is happening actively in Andhra

A man with a beard and glasses, wearing a light-colored kurta and a turban, speaking into a microphone. He is the central figure in the image, positioned in front of a blurred background of people.

**Question:** How do you collect the data from various sources completely, faithfully, error free? How do you disseminate that information? Did you speak about mission learning and use of artificial intelligence in usage of this data; simplifying the version is what is required?

**Audience:** What about share-croppers and tenant farmers? In the context of more and more direct income transfers and direct benefit transfers, land-owners who do not cultivate have deeper entrenched interest in continuing with the system and not allowing the land lease to be above ground. We have to figure out an answer to this very important question.

December 2019-January 2020 | Farmers' Forum



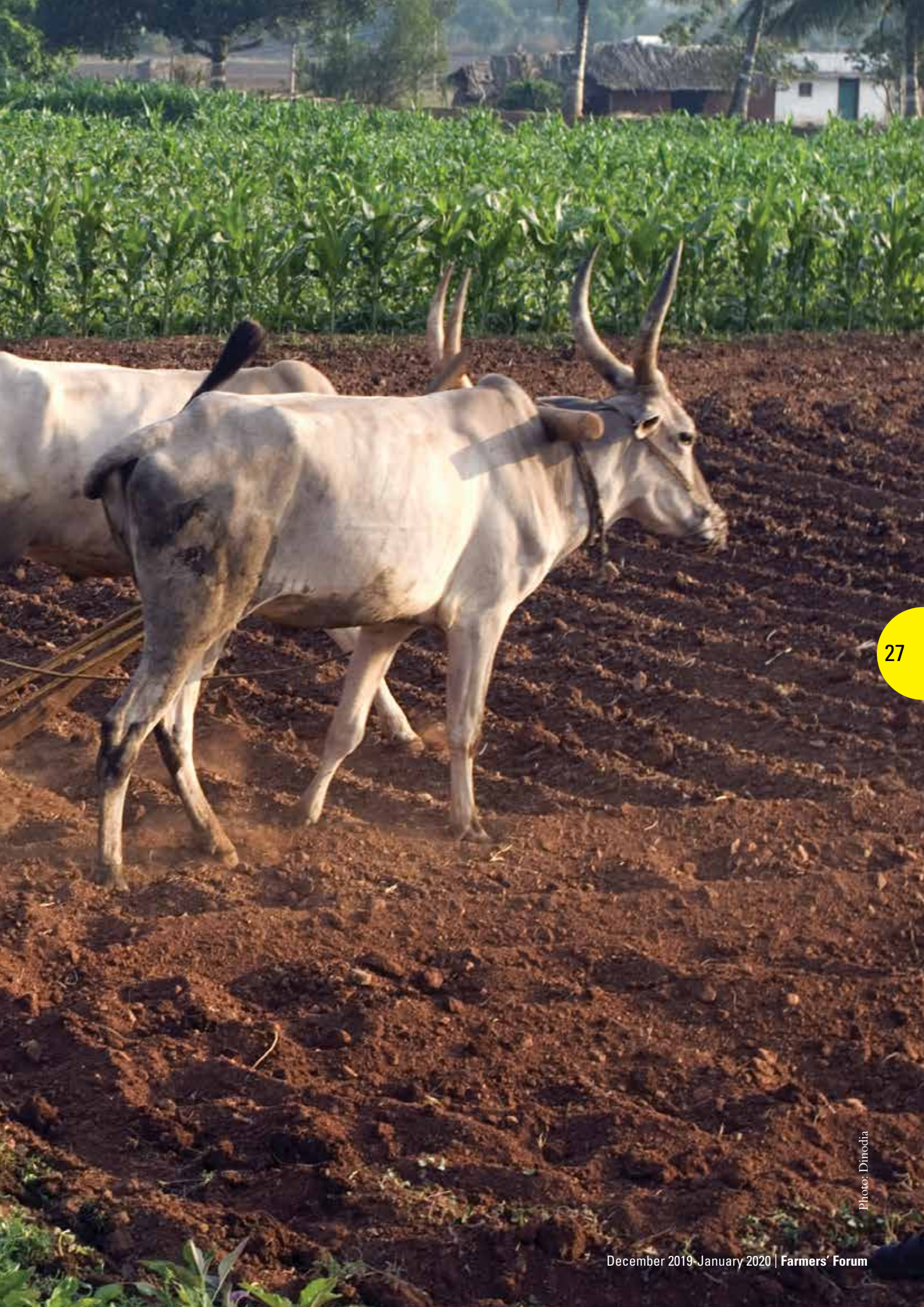
A photograph of a farmer in a light blue shirt and a patterned dhoti, wearing a pink headband, plowing a field with a bullock. The field is divided into rows of young green plants. In the background, there are trees and a small building.

**COVER  
STORY**

# FARM SECTOR REFORMS: **The Time for Action is Now**

Ramesh Chand







It is important to comment on the technical aspects of all the four important concerns of the workshops and to understand the way forward. I will not sugar coat anything. As far as climate change is concerned, all global data shows that agriculture contributes more to greenhouse gases than to global GDP. It is almost the same for India; around 17 per cent. If the crop residue burning phenomenon is factored in – it happens not only in north-west India but throughout the country – the 17 per cent will be much higher.



**RAMESH CHAND**  
Member,  
NITI Aayog

One could make the point that, like other industrial production, farming is an economic activity that is not entirely benign but there is a positive side in agriculture: agriculture is both part of the problem and part of the solution. It is possible to change the way it is practiced to make it environment-friendly instead of being damaging to the environment. It is thus important to view agriculture in the context of the global challenge of sustainability. Since addressing climate change and nutrition needs are important and agriculture is creating problems because of the way it is practiced, one must look at options to practice it differently.

Financial support too need not be through institutional credit but on a more comprehensive scale. Eventually, we need to move to the universal basic income concept that was first clearly conceptualized by former chief economic advisor, Dr Arvind Subramanian, in the Economic Survey and emphasized by his successors as well and Dr Krishnamurthy Subramanian. There is no justification for giving income support to one section only.

Per capita income and percentage of poverty and under nourishment is the highest amongst agricultural labourers and it is better that income support include all sections rather than have some left out. There must, of course, be an exclusion criteria or else some farmers will get a lakh of rupees under Rythu Bandhu every season, which is not the intention. Also, the issue of tenant farmers must be factored in for various kind of benefits.

The third aspect of agriculture is diet and nutrition that is surrounded by a lot of misperception that has to be removed. It is not as if people are consuming more cereals because cereals are cheap. In fact, compared to different food groups, the per capita



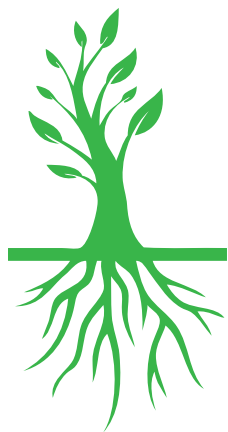
Photo: Dinodia

consumption of cereals has not increased. In the last 40 years, the per capita consumption of cereals has, in fact, declined. Per capita consumption in other food groups is increasing.

The problem is that Indians consume too little of everything, including cereals, compared to other countries. Indians do not even consume as much of cereal as the Indonesians, Vietnamese or Chinese do. Even so, cereals are dominant in the diet and dietary diversification is required, which means having more of fruits and vegetables. There is also the complicated issue around of green revolution that demands more debate and greater awareness.

Data too is very important and we have been looking at data for policy and planning purposes. There are a lot of opportunities to use data to benefit farmers. People are working on it; there are many start-ups and government departments are also thinking of how to make use of this data for market intelligence and other things to help the farmers.

The point is that while many of these issues have been discussed for a long time, this is time to determine how to drive action even in a democracy







## Things must change in Indian agriculture. It is stuck in a groove and not moving to the next stage of development; nor will it unless things change

with its inherent problems. Dr Hanumantha Rao commented on China's advances after his visit and wrote that India was a debating society while China was a mobilizing society. How we can mobilize things in our country? It is important to have a workshop just to discuss why things are not progressing.

Today, a politician is afraid that if he does something, the farmer will not be happy. Policy makers make different suggestions that are often interpreted differently. This fear is very real and, therefore, there is need to involve all stakeholders, thinkers and bureaucrats. There are no working bureaucrats present here but several retired bureaucrats. The bureaucracy is very important and, going forward, it is essential to involve them

because they are the people who work closely with politicians and can influence decisions.

It is also very necessary to involve politicians and farmer organizations in these workshops to promote reforms and not be overly concerned about the political economy. Things must change in Indian agriculture that is stuck in a groove and not moving to the next stage of development; nor will it move unless things change. There are states still opposing the APMC Act and contract farming. There are states opposing land leases. Anything that is proposed will be opposed. The people who suffer the most are the farmers and consumers and these two constituencies must come forward and ask the government to go ahead with these reforms. Otherwise things will become more and more critical.

On the environment front, there are serious issues around water and soil and everyone can experience what is happening to the air. There has been enough of debate and at least 10-20 per cent of what has been debated conclusively must be implemented and for that it is very important that farmer groups take the initiative and put pressure on the government to initiate these changes.



I did my B.Tech thesis on rural networks two decades back and there have been significant advances in the use of artificial intelligence and machine learning and the ability to predict crop patterns. Just by looking at the image of a particular crop, the software can say what is the likelihood that it is infected by an insect; just through pattern recognition. That is the kind of advance that has been made using technology and data for enabling better decision-making and taking inputs based on the soil health and water table and such like to decide what would be the right portfolio decision for the farmer. We have not even scratched the surface on this.

— *Krishnamurthy Subramanian*



**David Nabarro:** Prof. Chand, what you are really saying is that all this is so urgent because irreplaceable damage is being done, which will break the rural fabric of India and that is just around the corner. Am I right?

**Ramesh Chand:** You are absolutely right. Consider the employment situation. It is scary. The question is why is agriculture not generating the required number of jobs. In India, food processing is growing at a lower rate but growth rate of raw food production is commendable. Consider any country at India's current stage of development and check the rate of growth in food processing. Yet, there is considerable demand.

In 1993-94, the average percentage of Indian's spend on processed food of his total food budget was around 15 per cent. Today it is 22 per cent but food-processing activity is not keeping pace. Instead, processed food is imported. Concentrates are imported. Investors are not keen on processing because they cannot go from one mandi to another mandi buying 100 kgs tomato of one quality here and 200 kgs of a different quality there. These do not lend themselves to processing. There must be the option for a farmer to bring the produce to the processing factory, which should be treated as a deemed market. The investor should not incur 15-20 per cent of the total cost for buying produce in the market.

There are many such examples and unless things change there will be a serious problem with raising farmer incomes or reducing unemployment in agriculture. Other things are becoming unsustainable too, water, air and even growth. Farm sector growth is driven by prices and the moment the real prices of agriculture come down, the growth rate of agriculture decelerates.

The factor pulling India's growth upwards is the increase in real prices but when that happens one cannot export. This is why there are mountains of sugar and grain in India. Earlier, there were export subsidies but, under the WTO, not even that is possible. If India wants to remain competitive in the international market, it must shift emphasis from growth to efficient growth. All these things are related and are important.

**David Nabarro:** The two professors have given us some really important takes on the feedback from the workshops and the workshops themselves have provided some very powerful suggestions.

## Farm sector growth is driven by prices and the moment the real prices of agriculture come down, growth rate of agriculture decelerates

The results of the discussions will be collated in a report and short videos on what has transpired will be shared.

**Krishnamurthy Subramanian:** In the Economic Survey we actually wrote a chapter on viewing data as public good. It is data of the people and generated by the people. So the data should be for the people. The dream that we have is that a farmer who needs credit – who now remains beholden to a particular buyer and stays in a monopsony kind of relationship because of the credit needs and the intermediary ending up giving him credit – uses his App, keys in the money he wants, the tenure of the amount he needs it for and such other details and responds to a question relating to privacy, basically saying yes/no.

If the farmer approves of the sharing of personal information with the government with FinTech companies for being screened for a loan, these companies refer it to a bank. If the loan is approved, the farmer gets an SMS saying that the loan is approved, the amount gets credited and another SMS confirms that the amount is credited. Certainly, it is a realizable dream if data is viewed as a public good and various disparate data sets are brought together. The fourth workshop thus becomes really interesting and links to the other three.

I just leave this thought for the kind of potential that exists. I did my B.Tech thesis on rural networks two decades back and there have been significant advances in the use of artificial intelligence and machine learning and the ability to predict corporate crop patterns and what should be done. Just by looking at the image of a particular crop, the software can say what is the likelihood that it is infected by an insect; just through pattern recognition. That is the kind of advance that has been made with use of technology and data for enabling better decision making and taking inputs based on the soil health and water table and such like to decide what would be the right portfolio decision for the farmer. We have not even scratched the surface on this. ●





# Create Markets; Create Competition

Krishnamurthy Subramanian

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India focuses a lot on production in agriculture but not enough on markets that are extremely critical. Enabling markets for farmers is by far the most critical aspect that India must focus on. Very simple numbers show that India's food production is growing at about three per cent plus while the population is growing by about one per cent. This means that on a per capita basis, Indian production will actually be growing and excess supply will grow at about two per cent.



**KRISHNAMURTHY SUBRAMANIAN**  
Chief Economic  
Advisor to the  
Government of  
India

While much of India's production, storage and policies are driven by the psyche imbibed from the famine, driving the country to keep emphasizing on more and more production, the emphasis now needs to be on enabling markets for farmers. Here the political economy of reform needs to be understood carefully. There is no paucity of ideas on what needs to be done. Pick any area and wise people have come together with all seriousness and given ideas. However, when it comes to implementation, even some very basic ideas face challenges because of the political economy involved in structural reform.

Structural reform usually pits two different categories of stakeholders against each other. One set of stakeholders forms the vocal minority for whom there are immediate costs of reforms. Another set of stakeholders forms the silent majority for whom the benefits accrue over time. Often reform does not happen because the vocal minority has its voice heard; it is vocal because its costs are immediate and quantified and, therefore, this set has the proposed reforms blocked. Structural reform requires bringing the vocal minority to the bargaining table and making necessary concessions to generate the broad consensus that key reforms require.

Political economy of reforms involves politicians, who need votes, which has its own compulsions. Often, there is a refrain that the reform is not being implemented for votes. To understand this, compare it with the position of a tenured professor at a university, who cannot be asked to leave unless guilty of transgressions. There is an assured job for life as a tenured professor. If the professor is asked to implement a policy in the school, implementing which might lead to a loss of job, the professor will not be doing it. This situation has to be



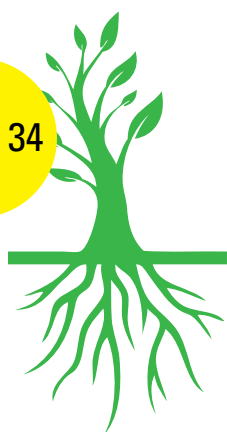
Photo: Dinodia

acknowledged; politicians are individuals like any others and will not do something that will deprive them of their jobs.

This fundamental realization is required so that people do not throw their arms in despair and just say 'oh its politics!' It is important to understand this key point so that the political economy of reform can be taken into account to arrive at the optimal path to policy reform.

Consider the example of GST. It is very instructive here to look at how the GST got implemented. The fact that there were concessions made for the potential losers, the 14 per cent year-on-year growth commitment, was important for getting them to the bargaining table. Some imperfections actually grew out of the concessions required to get the GST accomplished in the first place. This is very important and experts should think about how to navigate the political economy of reform in agriculture, to generate traction in implementing the basic ideas.

To understand the importance of enabling markets in agriculture, consider the benchmark of a perfectly competitive market that economists often use to think and compare markets in the real world. For those who contend that academics live in their ideal world, the benchmark is often very useful because it shows how close one can bring







## In agriculture, there is need to focus less on production and more on enabling markets for the produce of small and marginal farmers. For this, creating competition is critical

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reality to the ideal situation. One of the key aspects obtaining in agriculture markets today is the lack of competition. To look at markets in agriculture and understand the importance of information and competition, draw a two by two mental matrix and have competition for the farmer's produce on one dimension and information about where and when to sell the produce on the other dimension.

There is a very good work by Debraj Ray and others on the potatoes farmers in West Bengal, which actually gets to this. My interpretation of the work in this area is that if a farmer does not have multiple buyers to sell to, if there is no competition, giving him or her information on where to sell, what to sell and such others, is not beneficial at all.

In other words, when thinking of enabling markets for farmers, first determine whether or not there is competition for the farmer's produce. A potato farmer may want to sell potatoes for ₹20 a kg but, without competition, the farmer is beholden to a particular seller and may not get that price. If the farmer has the opportunity to sell the produce

to another buyer at ₹20 a kg, the first buyer is likely to pay this price himself. In the absence of such competition, the farmer may have to settle for only ₹10 a kg. Thus, information about where and when to sell the produce becomes critical only when there is competition for the farmer's produce.

The other important aspect is financing. When the farmer cannot get credit for formal channels and the intermediary provides trade credit, this arrangement keeps the farmer beholden to the intermediary. These are extremely critical issues to keep in mind: In order to create more competition for the farmer's produce, availability of financing from formal channels, especially for small and marginal farmers is extremely critical.

To summarize: First, thinking about the political economy of reform is very critical. Second, when thinking about agriculture, there is now need to focus less on production and more on enabling markets for the produce of small and marginal farmers. For this purpose, actually creating competition for the farmer's produce is critical by enabling formal financing arrangements. ●





# Securing a New Deal for the Farmer

**Jaideep Hardikar**

**M**y journeys through the heartland of the country, as a chronicler of the rural economy over the last 24 years, provide me with the sense of the issues that need to be acknowledged. It is time that piecemeal approaches towards fixing the rural economy stop. It is time that we give a completely new deal to the countryside. When I report on the villages I sense and see the great paradox in the Indian policy-making and Indian economic thinking; we think of policies for the cities and schemes and programmes for the countryside.

This needs to be reversed or, at least, brought at par. Rural India should not be considered in terms of agriculture alone but much more. In Japan,



**JAIDEEP  
HARDIKAR**

Senior Journalist,  
Writer and  
Researcher and  
a Core-team  
Member of the  
People's Archive  
of Rural India

they look at the countryside holistically; not so in India. The Indian economy is said to have grown on the wheels of service sector over the last 20 years but not even the service sector has quite taken over. More importantly, what has been the share of rural India in that sector? Has the countryside really been able to get a piece of that economic growth? The answer is no.

The average agriculture growth rate is abysmal. Over the last 20 years it has been one per cent at some time, two per cent at some time and that is the average. The Vijay Kalelkar Committee report, looking at the regional imbalances in Maharashtra in 2013, actually explained that while considering Maharashtra's agriculture





Photo: Dinodia

growth rate, Vidarbha as a region has to be considered separately. Marathwada too should be considered separately. Vidarbha agriculture between 2000-2010 has seen a negative growth, which means people are losing wealth.

Flesh that out across the country and seven or eight regions are conspicuous in terms of loss of wealth: Bundelkhand, Vidarbha, Marathwada, western Odisha, northern Karnataka and several other centres. The most prosperous delta regions of Kaveri have been experiencing the worse kind of migration because there is no water there. This cannot be fixed by programmes and schemes. Rural India, including the new census towns, big villages, even semi-urban cities, where most of the migration is taking place must be seen as a whole.

There is enough data to show that rural urban migration is not necessarily from villages, as in

The talk is about making India a \$5-trillion economy but the real question is what share of that economy will go to the bottom 50 per cent of our population comprising farmers, rain fed, marginal and small

Vidarbha to Mumbai or to Pune, for instance. Huge migration takes place to the neighbouring town or to the neighbouring city or to the neighbouring village, which may be on the highway but which have seen no investment. Thus the farm labour may well be shifting to areas where opportunities are shrinking for want of investment but they shuttle between these new census towns.

Post liberalization, many traditional structures and traditional state-driven programmes have crumbled. On the one hand, the state is withdrawing and, on the other, climate change is an all-encompassing framework today. It has to be considered very seriously; its impact examined district by district. As the state withdraws, whether it is with extension services or investment and private markets, they are unable to fill into those shoes of state investments and there has to be a new deal; a new framework for a new kind of institution building.

India's greatest anomaly is that the farmer is considered a beneficiary. This view must be shunned because the farmer is an equal participant in the economic growth of the country.

There is also the sense of institution building. The talk is about doubling the economy or making it a \$5-trillion economy but the real question is, what share of that economy will go to the bottom 50 per cent of our population, which comprises farmers, rain fed, marginal and small. A new institutional framework will be needed to achieve that new deal, which will make the farmer an equal participant in the growth story.

**Yamini Aiyar:** You have set us off exactly in the right direction. One of the biggest challenges that India faces as a consequence of the growing inequality and the social transformations that have led to the breaking down of traditional structures. The question is with what will that vacuum be filled. ●





## FOOD SECURITY-INTERNAL SECURITY LINKAGE:

# Agitation & Migration

**Alok Joshi**

I have spent almost two-thirds of my career looking more at the external environment rather than the internal but I can draw on my experience as a field officer in Haryana, where I had the opportunity to work for almost 12 years. I also did a short stint in Madhya Pradesh and Chhattisgarh, which gave me exposure to the issues that were specific to Chhattisgarh.

Agrarian issues are looked upon, at some stage or the other, especially when the demands for agrarian relief reach a particular tipping point, as law and order issues because of the way it is articulated. One has to



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take into consideration the mechanics of articulation and the best example is the one that I draw from experience.

When I was posted in the Ambala range in 2002-2004, there was an on-going agitation by the Bharatiya Kisan Union led by Ghasi Ram Nain, its president. It was a prolonged one in which various demands were made. Amongst the main ones was remission of the electricity dues by 75-80 per cent. This had been promised in the election manifesto of the ruling party at that time.

The promise and demand were being ignored post election, leading to a build up, which reached





Photo: PARI

a point at which agitation was, despite all efforts and negotiations, turning into a law and order issue. It became a law and order issue because of the manner in which the demands were articulated. A farmer issue was building up into an internal security issue.

If you recall, Haryana was then in a state of turmoil. There were road blockage (rasta-roko) on every street; police officers were assaulted, leading to police firings and a very reasonable issue that could have been managed through across-the-table discussion became a law and order issue and eventually there was no tangible benefit secured.

The question is simple. What kind of mechanism do you use to articulate the demands and how does it become a rural-urban divide? That is one challenge faced by any agrarian issue, leading on to questions of internal security. Today's society in transition poses an equal number of challenges, one of them being posed by migration. Migration is a major disruptor of life, though we do not realize the intensity of the disruption it causes, both in the lives of individual people and within

communities where the migrants move into and start living.

Those environments are often totally alien to what the migrants have been used to and often breed problems that lead to crime, drug peddling and even human trafficking. This has to be understood in all its criticality but internal migration and the problems it generates have not been handled in a comprehensive manner.

**Yamini Aiyar:** There are two inter-related questions: articulation of demand and, specifically, the rural-urban tension that it creates. Delhi is experiencing it so much in the debate around crop burning and air pollution. How does one negotiate and resolve these conflicts? The rural-urban tension is going to be alive and inevitably urban voices tend to have more power by virtue of how voice gets expressed even in a democratic environment. Perhaps Sunita Narain could share her thoughts on this because negotiating these tensions play an important role in shaping any new deal. ●





**COVER  
STORY**

# Changing the Conversation in Favour of the Farmer

**Sunita Narain**







Photo: Dinodia

Any issue with pricing (like the current one of onion) has the suffering farmers at one end. Farmers suffer because of the increasing number of weird weather events, which will increase. This is enormously worrisome given what is known about climate change, with extreme situations.

The MET department is at its wit's end. It cannot predict the next freak event; when will the next extreme rain come. In the last monsoon season, in 12 days of August there were as many as 500 excess rainfall events. One has seen that increasingly – whether it is around extreme heat or cold – the first victims of climate change and the worst affected are farmers. This is only one part of the problem.

There are two 'foreign hands' extending their dangerous reach. The first is in the shape of climate change, largely caused by the emissions of the rich, both from the western, wealthy world as well as the domestic world. The second, the middle class consumer lobby, reveals itself, for instance, when domestic prices in India increase (as in the case of onions because of a freak weather event). The government imports, thanks to pressure from the middle class consumer lobby.

This lobby is far stronger than the farmer lobby that fails to convince the government not to import whenever there is a freak weather event and onion prices go up. Instead, the urban middle class be asked to pay a slightly higher price for the onion. If the farmer gets some money, it provides a coping mechanism in the absence of any other coping mechanism or even an insurance scheme that works. The CSE has done considerable work on the Pradhan Mantri Fasal Bima Yojana and has found that it invariably benefits the private insurance companies and not the farmers. That one negotiation has to be understood; how the urban middle classes win in a rural-urban engagement.

In a reverse situation, in an urban-rural engagement, the nature of negotiation is reversed. Consider air pollution; at 4 pm there is a bulletin about today's and tomorrow's air pollution. Tomorrow the wind direction will go from Punjab to Delhi when the contribution of bio mass burning to Delhi's air will increase to 18 per cent. It is lower today. Yesterday, there were



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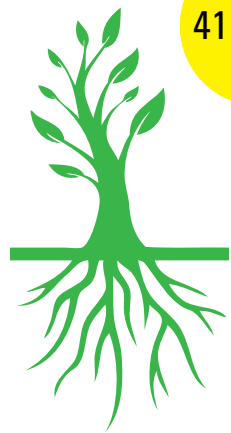






Photo: Pixabay

4,000 farm fires and unless something dramatic happens, they will continue.

It should be clarified that the biomass pollution is not the only factor in Delhi's pollution. There is a huge problem with the articulation of the current crisis by the political leaders. It is politics, dirty politics and convenient politics. The fact is that the bulk of this pollution in the Delhi and the NCR region is constant throughout the year and it becomes more apparent in winters, when the farm fires aggravate it further.

Farm fires are rampant because the farmer has been forced to delay the crop season. Earlier they harvested their crop a month early because they could sow their paddy a month early and had a month to remove the aftermath. They cannot do so because the ground water has to be protected early in the season, which means they cannot plant for want of water. That is the balance between ground water protection and air, which affects people like us and all those who drive diesel SUVs.

There is also need to start articulating the need

## The only way to save water is by changing cropping patterns; not by drip and other things on offer. That is the interesting part

of one airshed approach. If the need of the poorest is not taken into account, the rich will not get their right to clean air as well. Not just farm fires, there are vast numbers cooking with biomass today. Women are exposed to poisonous smoke as they cook but the same air goes into the same airshed that everyone breathes. That is the nature of co-operative arrangement that should be discussed.

The Supreme Court has accepted that farmers must benefit from not burning the crop and this conversation is essential because farmers are burning because they are desperate. Unless their fields are clear they will miss the sowing season. They have no alternative that they can afford other than to burn. If the conversation has to go forward, the cropping pattern must change, the conversation also has to go to the rich and the middle class and their diets.

The only way to save water in this country is by changing cropping patterns and not by drip and everything else that is on offer. That is the interesting part of the conversation that needs to be bolder, clearer and better articulated: that inclusive growth is the only way that sustainable growth can be achieved.

**Yamini Aiyar:** Do you see that inclusive growth has the framework for the new deal that has been talked about?

**Sunita Narain:** Any new deal has to come from the power of the people and in India larger numbers of farmers should be able to articulate their views and put them across. Instead, there is the emergence of a much stronger middle-class articulation of their views, even around water, for instance. The entire conversation around water always is about the farmer taking 80 per cent to 90 per cent of all the water and urban India getting nothing (*dekhiye kisaan paani letey hai 80-90 pratishat jo paani hai woh kisaano ke haath main hota hai aur shehro ko paani nahi mil raha hai*).

The conversation is never about waste of water





in urban India. If Mumbai has a water shortage the demand is to take water from the farmlands and give it to Mumbai. How water is getting polluted or being wasted in Mumbai is never a part of the conversation. Nor is the question of how many people have access to water in Mumbai. There should be research into how much water goes to rural India because there is no evidence that 70 per cent of India's water goes to rural areas. That figure came from Dr Ramaswamy R Iyer, former Secretary Water Resources, who did some back-of-the-envelope calculations in the 1990s.

Today, unlike in any other part of the world, in India, water has moved where population has moved. Whatever is said about urban-rural transition, India still has a large number of people living off the land. No employment other than land-based employment is being created, which means water needs to stay where people are. So in a conflict situation, as in Mumbai, when the city ran out of water, the entire focus was on farmers.

**Jaideep Hardikar:** It is also not as if the water going into production of food and other commodities that is not needed by the urban consumers. Water consumed by the farmers goes into producing something that has a bearing on the country's economy; they are using it exclusively and cornering it to sell it as a tradable commodity.

**Yamini Aiyar:** A recurring issue around water and farming is the role of subsidies and specifically 'free power' and what that is doing to ground water levels. That is linked that with the larger conversation about reforming of the subsidy regimes. What are your thoughts on that?

**Sunita Narain:** Again, no data. It is a very convenient narrative and very simplistic. The farmer will use the free power to draw water but will only draw what is needed. No farmer wants more water than what the crop needs. It is not the free power that is leading to the drop in ground water levels but that the Punjab farmer is growing greater quantity of rice that has led to the decline at the water table. In Maharashtra, it is sugarcane; in Punjab, it is rice. Rice should be grown in Kerala. If Kerala does not grow rice there is no recharge.

The ground water issue, the electricity issue, the subsidy issue need to be understood. Who is getting the subsidy? It does not go into the hands of the farmer. The fertilizer subsidy is a classic



Photo: Pixabay

case and is not being discussed openly because it is seen to be in the hands of the farmer whereas it is actually going to the fertilizer producers.

As an environmentalist it is clear that managing water is about changing cropping patterns, which means linking it to diets as well. India needs better, efficient cropping patterns, along with drip systems and other things but it will be largely linked to diets.

**Yamini Aiyar:** (to Alok Joshi) Your thoughts on potential shifts in the subsidy regime and the pricing structure and what these could potentially do to social and political stability?

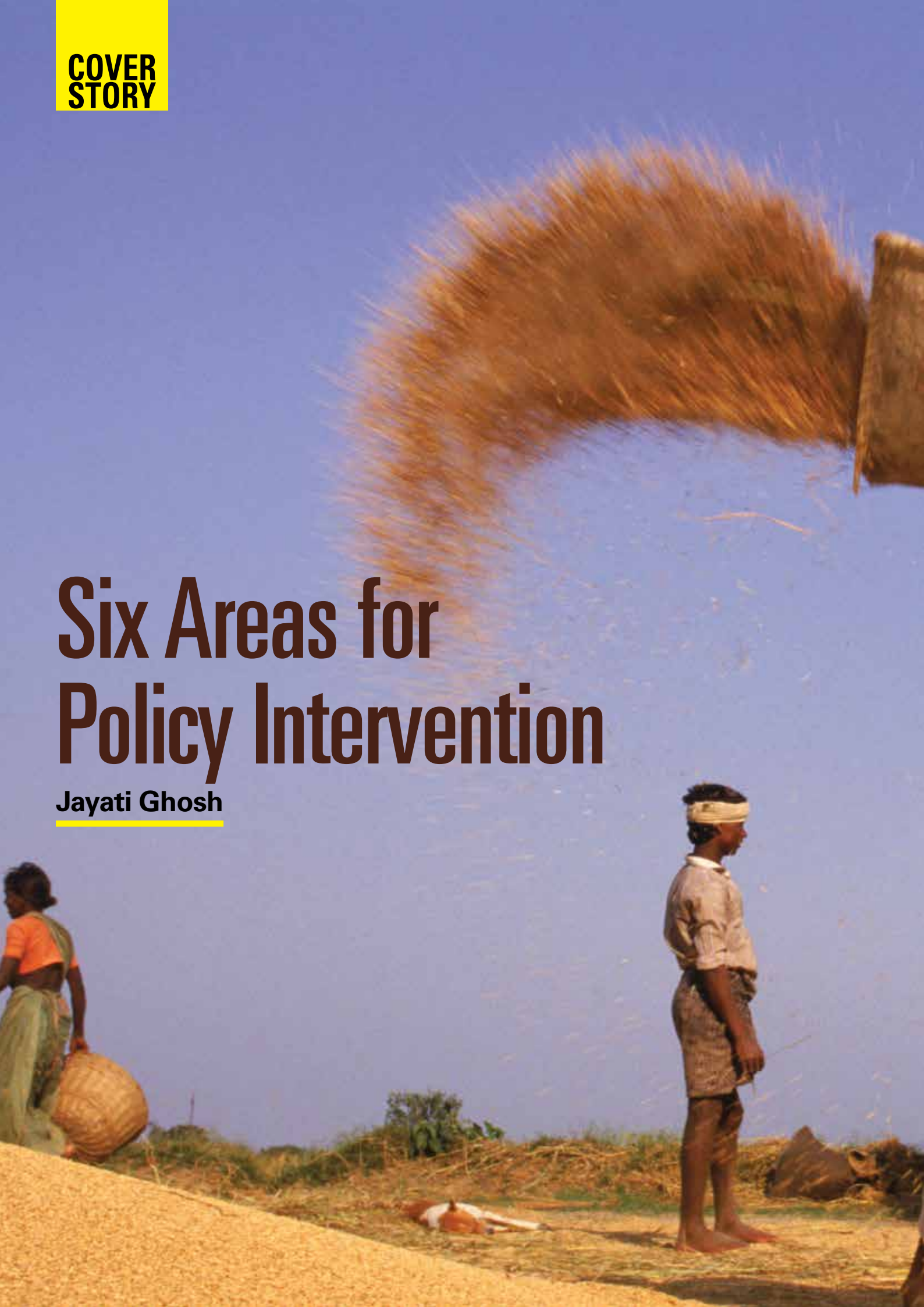
**Alok Joshi:** I am not an agro economist and have not ever looked at these issues but I would like to reinforce the point that farmer demands should be articulated through a medium that is credible for the entire political process. Past history tells us that political parties promise to fulfil demands prior to elections but once the election process is over, do not follow it up to the extent promised. This has been one of the reasons for social tensions in any post-election environment. I have seen it in a couple of states and I think this has to be worked out between the farmer communities and the political parties and a very strong pressure group must be created. Last time when I saw such kind of a credible process was during the Shetkari Saghathna movement led by Sharad Joshi. After that, one has not really seen such process from the agrarian demand converting into a political demand and then getting acted upon. ●



**COVER  
STORY**

# Six Areas for Policy Intervention

**Jayati Ghosh**









There has been a basic problem with viability of farming for 20 years, which has gone through phases. The 1990s were terrible with very grave implications. There was a minor recovery in mid-2000s, when there was a slight change in macroeconomic and sectoral policies, with some increase in public investment and credit to agriculture and the introduction of agriculture sub-plans implemented at the state level. In the most recent period, since around 2010, there has been another reversal, which has resulted in nearly a decade of non-viability.



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When returns from cultivation are stagnant or falling and even negative and most farmers in the country do not get a significant net income from agriculture but from other sources, clearly a major part of the Indian economy is financially unviable. That policies have not addressed these problems much more directly is a comment on the politics around agriculture and also a comment on the short-term approach that people have towards agriculture as a sector in a developing economy.

If people are to remain engaged with agriculture, it has to become viable and profitable, which in turn will generate demand for non-agriculture. It is not that no one knows what needs to be done. While there is no single silver bullet, various commissions have shown what could be done and the Farmers' Commission provides a detailed account. There are broadly six areas of policy intervention and they come in a package.

1. The nature of the irrigation systems and managing water. How rapidly is ground water being privatized and what can be done to address this? Why is there no plan for conjunctive use of ground and surface water? Why is there no thinking about the implications of climate change on access to water? How are patterns of cultivation associated with changing patterns of water use and what can be done in this area?
2. There is under funding of basic things that are taken for granted elsewhere in the world.
  - In research and extension services, much research tends to be oriented to global developments (especially in the north) and there is little relevant research for local farmers.



Serving on a commission for farmers' welfare in Andhra Pradesh more than a decade ago, we found that the local agriculture university was not even aware of the recent pests that had hit the cotton farmers there. Their credibility comes from international recognition rather than feeding the local needs.

- There are also very few research stations in what was called the shadow belt where there is little ground water and monsoon rain.
- Most importantly, there is inadequate research on how farmers can cope with and adapt to climate change that is already affecting patterns of rainfall, flooding and such other phenomena.
- Similarly, there is inadequate extension with extension services being massively underfunded. Not even 30-40 villages have one extension officer and villagers have little means or knowledge though they need the latest knowledge. Farmers get their information from input suppliers.





Photo: Dinodia

## The whole marketing system; the whole system of crop prices — not just the MSP — including the functioning of the market yards, is suspect. It is deeply anti-farmer



3. The input story is another mess. The seed policy is pretty dreadful at the moment and is generating not just monopolies but various kinds of exploitation of farmers. It is not empowering farmers to diversify in sustainable ways. All that is in place is fertilizer subsidy; one big blunt instrument that skews fertilizer use rather than a nuanced intervention. Natural pesticide management is not adequately subsidized, though it would make a lot of sense given that chemical fertilizer usage is massive, unnecessary and poisonous.
4. The marketing system and management of crop prices is completely inadequate.
  - This is not just about the Minimum Support Price being inadequate; it includes the functioning of the market yards, which operate in very anti-farmer ways. It is not just the APMC either. The yards are anti-women for sure but also anti-farmer because of the power imbalances and administrative features.

- The nature of the public procurement, even when the price is announced, is such that most farmers do not get it even in the areas where procurement is supposed to take place. Procurement agencies arrive late, stay for a very short time, do not procure enough and, therefore, procurement prices do not function as a floor for harvest prices.
- Asking for higher MSP is pointless because very few farmers actually get the MSPs. Even in high procurement states like Punjab and Haryana, not all farmers are covered. Then, of course, there are issues of whether the MSP actually covers all costs and provides adequate returns above that.
- In addition, external trade policy has to be more sympathetic to the need to protect farmers' livelihoods, instead of being focused only on containing crop prices for the non-agricultural population, as at present.

5. The management of post-harvest produce is currently inadequate. There are no storage facilities for a whole range of crops that farmers everywhere else in the world take for granted. Nor is there the kind of support that Indian industrialists take for granted in terms at different levels of the production process. There should be greater emphasis on local value addition of farm output.
6. On-farm and non-farm activities in rural areas need to be supported. This includes enabling productive benefits from livestock, such as cattle and ruminants as well as poultry. It also means that other economic activities in rural areas must be supported and encouraged, not only to provide incomes and push productive diversification in these areas but also to provide local demand for agricultural output. ●



**COVER  
STORY**

# Removing Macro Economic Asymmetries in the Farm Sector

**Arun Kumar**







**T**he agriculture sector is distinctively different from the other sectors of the economy and, given its size, it must be looked at from a macro perspective. Prices here are demand and supply determined while in the non-agriculture sectors, pricing is often determined oligopolistically and/or monopolistically through mark-up on prime costs (wages and raw material). Thus there is an asymmetry and the farmers are not assured that even their costs would be covered by the price they receive.

Agriculturists do not get the price that they should get for a decent income. Even though attempts to fix prices and MSP may be based on the principle that costs should be covered but that does not work because there are 540 mandis and in no mandi does anybody have any monopoly. So farmers cannot fix the price that they receive.

Demand for food is where the problem lies because there is a large unorganized sector that employs 94 per cent of the workforce but, given its low incomes, it lacks purchasing power to demand enough food. That is why stocks of food that pile up do not represent surplus production but lack of purchasing power.

With higher income in the unorganized sector, the demand for food would be higher, prices would also be higher and the wages would be higher too. There is need for higher wages as well because there is a huge disparity in incomes and in wealth that is resulting in demand shortfall that then results in the prices of agricultural commodities being lower.

Lack of purchasing power is the reason that MSP is not implemented. At the macro level, there is need to look at what is going wrong and here the question of what kind of resources the government has comes in. The government in India gets roughly 17 per cent of the GDP as tax resources, which is one of the lowest in the world. The direct tax to GDP ratio of around six per cent is also one of the lowest in the world. Taxes are insufficient and, therefore, the government's capacity to provide public services in rural areas is inadequate. India has also pursued a policy of trickle down, which meant that rural areas and agriculture come last.

The problem of inadequate resources is compounded by wastage. The large black economy has the twin impact of shortage of resources and massive waste of resources due to leakages. One of the characterizations that I have for the black economy is that it is like



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‘digging holes and filling holes’. One person is set to dig a hole during the day and another fills it at night so that the next morning there is zero output but two incomes are earned. Therefore, there is activity without productivity.

There are many examples of this. If a road is built without putting enough tar, it gets washed away when the rains come, and the same road is repaired instead of a new one being built. As a result the investment on road building is not as productive as it should be. That is what happens under poor governance. Black economy leads to less tax collection.

My estimate is that the black economy is 62 per cent of the GDP. At current rates of taxes, direct and indirect, 40 per cent tax could be collected on this, so there would be an extra 24 per cent tax to GDP ratio. The current 17 per cent of tax to GDP would then become 41 per cent, which would make India one of the highest taxed nations in the world. We would then have had enough resources for education, health and various other kinds of interventions needed in the rural areas.

There is now a twin problem: Shortage of resources and a lot of scarce resources being eaten up in corruption. As Rajiv Gandhi emphasized in 1988, of every rupee sent to the ground, only 15 paise reaches and hence the inability to provide the needed services or to achieve the goals set. In a sense, both lack of governance and shortage of resources with the government are a result of the black economy. The macroeconomic situation combines with this to create serious disparities that, in turn, lead to lesser demand for food. When demand for food falls, prices also fall and are lower than they ought to be.

**Sunil Jain:** Jayati, would you agree with Arun that the problem is because people are not earning enough and there is not enough demand for food? Or do you think that the government has mismanaged the agriculture sector that is the least reformed. The markets do not virtually exist. Is that the problem or is it the lack of demand?

**Jayati Ghosh:** Lack of demand is absolutely a problem but that does not mean the government has not mismanaged. However, I would describe the mismanagement differently. I do not think the losses of the Food Corporation of India, for instance, can be described as mismanagement. The Food Corporation of India actually has

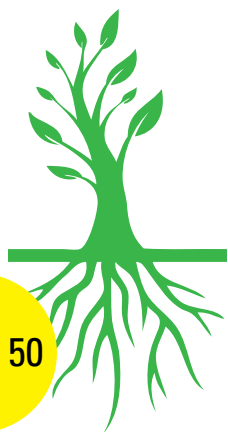






Photo: Dinodia

## India's food security and food sovereignty are at stake here. It cannot allow itself to be exposed to the whims of international trade

lower margins than Cargil or Monsanto in terms of the transaction. That is not the problem. It really is that MSP has not been delivered in a way that ensures a floor price for farmers. Nor has adequate food for the basic survival of people in the country been ensured. Thus, the spirit of the National Food Security Act has not been fulfilled. The notion that you could just hand over money, just give a cash transfer either to the farmer or to people and say now you eat the food or now you go and farm is deeply problematic for many reasons.

Also, food is not just an issue of the food security of the people. It involves the food security of the country and its food sovereignty is at stake here. India is too large a country to allow its food sovereignty to be exposed to the whims of international trade, which can use it as a weapon. We have been there some decades ago.

**Sunil Jain:** You say that you do not believe in cash transfer, which can be a problem, which is fair enough. You also say that the government should have the wherewithal to promise a price for every crop and it should ensure that every crop is bought. Basically, does the solution lie in making sure the markets get freed, the APMC yards behave in a proper manner or is it that the government must come and procure everything, which will make everything fine? Where is the intervention that you would like to see?

**Jayati Ghosh:** No, a minimum procurement price is currently essential. Not for every crop but certainly for a range of crops that have strategic importance. Most countries have this, whether they call it that or not. They have systems to ensure minimum prices for farmers for crops that are considered of strategic importance. India has 32 crops currently under MSP; most of them are dysfunctional. It is very important for at least six to eight crops and we should think of what to do with that? We also need to worry about whether,



for instance, to encourage sugarcane farming in dry land areas? We have to think through how this can be done.

**Sunil Jain:** Is the solution to that actually to start taxing water and electricity?

**Jayati Ghosh:** Regulating ground water is very, very important. It is too privatized at the moment. There are many angles to this. All this requires public intervention and cannot be done by freeing it to the market because that will worsen the inequalities and worsen the lack of sustainability.

**Arun Kumar:** If memory serves, in 2012-13 only about ₹10,000 crores of agriculture income was declared. An individual has to declare an agricultural income along with other taxable income. So, if agriculture is misused for generating black incomes, it could be only to the extent of ₹10,000 crores. This is not very large compared to the total direct tax collection. Use of agriculture incomes to hide black incomes is not a very big issue and taxation of agriculture incomes is not worth the administrative expense that would have to be incurred to collect a small amount of tax.

The services sector, now accounting for more than 50 per cent of the economy, is where the bulk of the black income is generated. That is where substantial tax resources can be generated. Agriculture, a declining sector accounting for roughly 14 per cent of GDP, will not give significant buoyancy to taxes. Also, because of the distribution of income it will yield little extra tax. Therefore, it is not worth incurring that extra administrative cost to tax agricultural incomes. For equity's sake, one can argue that those with high agricultural incomes should be in the tax net but if one has both non-agricultural income and agricultural income, which is usually the case, one would have to declare it anyway.

The GST is a structurally flawed tax. The unorganized sectors are largely kept out of it. If the turnover is below ₹40 lakhs one does not have to register. If the turnover is between ₹40 lakhs and ₹1.5 crore, one falls under the composition scheme, which has a simplified structure. It seems to be good but the problem is that these units do not get input credit and that makes for higher costs and, while selling, they cannot give input credit so that the price becomes higher. Thus, cost is higher



**The services sector, now accounting for more than 50 per cent of the economy, is where the bulk of the black income is generated**

and price is higher, which is why demand shifts to the organized sector.

The chairman of the pressure cooker industry admitted last year that there are five units in the organized sector and 25 units in the unorganized sector. The former are doing very well since the unorganized sector is unable to cope with the post GST situation and the demand has shifted to the organized sector. Such developments have been reported from the textile industry and other industries. This is why the unorganized sector is declining and that is where unemployment is rising. When unemployment rises, demand for food goes down, food prices get affected, farmer incomes get affected and then the whole chain gets affected.





Photo: Pixabay



**Sunil Jain:** Is the system of exemption actually hurting? Is it ensuring that farmers do not do more food processing? Is that a problem?

**V.K.Garg:** Sure it is hurting. In simple terms, *roti, kapda, makaan*, food, clothes, house, education, medicine and a good part of transportation, are all de facto outside the GST. In much of the food sector, even in the restaurant industry, the rate is five per cent without tax credits. In real estate for residential housing it is five per cent without tax credits. Also, 82 per cent of the tax payers are eligible for the composition scheme and need not get into the GST chain at all. If there is such a large sector de facto outside the tax chain it is as good as not having a GST in the country. That GST has come only in the organized sector but not on a country wide basis is hurting.

**Sunil Jain:** Jayati, coming to the question of the Regional Comprehensive Economic Partnership (RCEP), which India has walked out of, one reason given is that the dairy industry was very upset

because it feared very cheap imports from New Zealand. So it managed to stop it. India has had very large agricultural exports. Do you think this is an overreaction or a good thing that India walked out of RCEP because of the dairy industry?

**Jayati Ghosh:** Not just the dairy industry, I cannot think of any sector that RCEP would have benefitted except for some services, like hotel investment and some others perhaps. It would certainly not have benefitted manufacturing; certainly not agriculture. Also, there are big exporters of wheat and other crops; not just dairy. There would be no benefit for most of these significant sectors that account for the livelihoods of 80 per cent to 90 per cent of Indians. I am not just surprised but actually appalled that we let it go so far. It took last minute intervention to come out of it and thank goodness we have. I do not see any advantage in it at all. I will, however, say that, despite not joining the RCEP, we have a very anti-farmer trade policy over all. The trade policy does not become any more favourable to farmers.





Photo: Prabhat

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**Sunil Jain:** You are saying that whenever the prices of onions go up, you put a floor price, you put a ban and stuff like that right?

**Jayati Ghosh:** Onions and pretty much every other crop. Basically, both imports and exports have been operated to ensure low prices to consumers and that has had an impact.

**Sunil Jain:** So there is clearly an urban bias and a household budget bias, which is against the farmer, right through, historically; not just now.

**Jayati Ghosh:** Historically yes but not so much as now. I think this government has clearly recognized that the political threat is of consumer price inflation. So it is going to do everything it can to suppress that. I hope it does not get worse for the farmers, which may well be unless the politics changes. Political threats also come from unemployment, deep distress.

**Sunil Jain:** That is the problem and I do not understand it. We are all agreed and we are saying that traditionally the Indian policy has been anti-farmer and more oriented towards the consumers

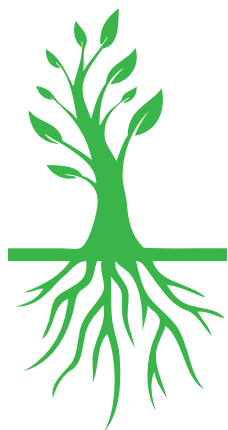
and things like that but farmers are the bulk of your population. Do they not vote? So why do they keep voting for the government? Why does the government feel that this is a consequence that it can ignore; or is it that the farmers are so happy with Ram Mandir and such stuff that the low prices do not matter and they still vote for the government?

**Audience:** Farmers vote on caste; they do not vote on the identity of being a farmer.

**Sunil Jain:** This is what Jairam Ramesh used to say that people do not cast their votes in India they vote their caste.

**Jayati Ghosh:** I think there were also phases when they did vote on agricultural issues. I think a lot of farmers believed that someone was out to double their incomes.

**Arun Kumar:** It is very difficult to organize the unorganized sector and the farmers are the unorganized sector and there is a deep divide there. From rich farmers down to the landless labourers their interests are quite diverse. Getting them





together on one platform has always been a problem and farmers have never presented a nation-wide platform; they are always divided. Also, in terms of policy, industry says we will have an agricultural policy, industrial policy and has an opinion on everything. Farmers never have presented their view of the whole gamut of issues spelling out what kind of country they want; what kind of employment policy or trade policy and such other things that they want. So they have not intervened in an over-arching macroeconomic manner and that is what farmers need to do and they should get organized. They have to take care of different interests and put forward an entire programme.

**Jayati Ghosh:** I want to remind you that there have been massive farmers marches in Maharashtra, Bengal and various parts of the country and also an all-India farmers march with lakhs of farmers with a very extensive lists of demands, handed out by 21 farmer organizations. It was the first time that so many had come together demanding a 21-day session of Parliament to discuss each of those areas. Three days were to be set for each area of demand; very, very specific, very detailed, with a very comprehensive list of demands. It is not correct that farmers have not got together and that, they do not even have a coherent set of demands vis-à-vis policies.

I think there is something out there and I do not believe that it is dead. It is also true that all kinds of other things happened thereafter and people were distracted. Farmers were told of all kinds of threats from neighbours and so on and so forth. The point is that the fundamental issues that the farmers had, which were also political issues, are still very much there and they may have been

## There have been massive farmers marches in various parts of the country and an all-India farmers march with lakhs of farmers with a very extensive lists of demands

distracted in a particular election. However, I do not think that one can look at all the elections in the country in the very recent past, perhaps in the near future, and say that there will be no agrarian issues playing a role.

**Arun Kumar:** What I said was that historically they have not got together in the way they needed to. In the last year and half or two there have been these movements because there is a crisis in the farming sector. Now they are beginning to organize but organizing the unorganized sector has been proving to be very difficult in this country. It will take time for it to build up and not immediately because of various issues that divert attention and which will keep happening. Economic perceptions are often different from the political ones and the political parties understand this and use it.

**Sunil Jain:** There is clearly a problem if, in the midst of severe joblessness and with the economy slowing down, the government can still get re-elected with a larger majority. There is an issue in terms of mobilizing public opinion the other way around. Blame the Congress party or whoever else because it is not just the farmers. Urban India is responsible as well. If urban Indians do not have jobs but still vote for the government, there is an issue there.

**Jayati Ghosh:** Yes. I am not even pretending that I have the least understanding of Indian politics. I have had less than I ever had in the recent past. I cannot understand a lot of things but I also do think that you cannot carry on particular trajectories of distraction for too long. Also there are things like the economy that you cannot either manipulate, fool or terrify into submission. You might do that with people but you cannot do that with the economy, which operates on certain laws. You mess up demand, it stays messed up. ●



Photo: Pixabay



# No Real Tax Exemption For Agriculture

**V. K. Garg**

**T**here is a saying in value-added taxes that while determining taxes, an individual enterprise may be exempted but in the process the entire sector gets taxed. Thus agriculture may be typically exempted but it is getting taxed. Every produce has several tax elements, including the GST and other taxes such as electricity with its diesel component or harvesting equipment, fertilizers and such others. These become a cost to agriculture and there is



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no way a farmer can pass them on to the food processing sectors.

This tax burden is on the farmer or the industry but amount goes into the government coffers very quietly and does not appear as a tax on agriculture. There are even those who aver that about two or three per cent of the price of agricultural produce is the embedded cost of tax. Though governments have from time to time given direct exemptions to several inputs that go into agriculture, particularly the internet services (hardly any internet





Photo: Dinodia

## There is a talk about rethinking GST design and moving to two rates or perhaps one. If there is one rate, everything relating to agriculture will have to reworked



calibrated manner. However, taxing agriculture has been a politically sensitive issue.

By and large, when it comes to agriculture, everything become politically sensitive. The general population believes that agriculture is exempted. Many countries have gone about it differently because exempting agriculture leads to heavy costs and design defects crop up in the tax system, making for too many rates and too many exemptions in the system. As a result, in GST for instance, India collects as much as it was before introducing GST. In the first month, GST collected ₹95,000 crores, in the last month too ₹95,000 crores were collected though there should have been a 25-30 per cent higher collection than in the initial months.

There is talk about rethinking GST design and move to two rates or perhaps one rate. If there is one rate, naturally everything relating to agriculture will have to be redesigned and the situation will become slightly messy as far as taxes are concerned. This is specially so because, unlike in the first four decades in India, taxes have become a very inter connected subject. Practically anything can come into the country and custom duties cannot be increased. There is the WTO to contend with and now there are FTAs and other multilateral trading arrangements and everybody is seeking bilateral concessions. Custom duties cannot be raised, there can be no other barriers either.

GST itself is an issue. Corporate taxes have been cut down to encourage investments and there is a kind of mismatch that India has never experienced before between the capacity to raise resources and the demands on account of social welfare and writing off of farm loans and such others. In my career of more than three decades I have never seen the kind of a mismatch one is seeing in the last year or so. ●

services are taxed) a lot of other input goods, including equipment, are being taxed.

Thus, even on the lower side, there is a two per cent tax that may amount to ₹25,000 crores to ₹30,000 crores a year that are the embedded cost of taxes in agriculture. Most countries, particularly European Union, have schemes to give this benefit back to the farmer. Either they have a flat kind of a tax called farmer charges or the industry reimbursing that amount to the farmers gets tax reductions and such like. In India that cost remains embedded in the agricultural sector even though income tax has largely been exempted barring on a few plantation crops in some states. That is a small portion of the tax. Even where it is taxed, it is less than half a per cent of a total tax revenues and taxing agriculture has never been in the agenda of the government.

Lately there have been suggestions that agricultural income be brought into the tax net because, more than the amount that it will generate, it will help in curbing black money and help check evasion because a lot non-agricultural income is declared as an agricultural income. I have suggested that it be brought into the tax net in a



# A Dozen Proposals from BKS

## A Farmers' Forum Report

**T**he Bharat Krishak Samaj has presented a set of options to help the government augment resources for interventions to facilitate structural changes to improve livelihoods of rural communities at the Pre-Budget Meeting 2020-21 on 'Agriculture and Agro Processing Industry', chaired by Finance Minister, on December 17, 2019.

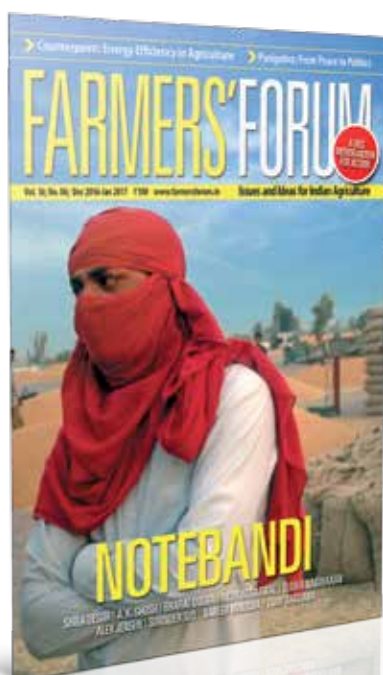
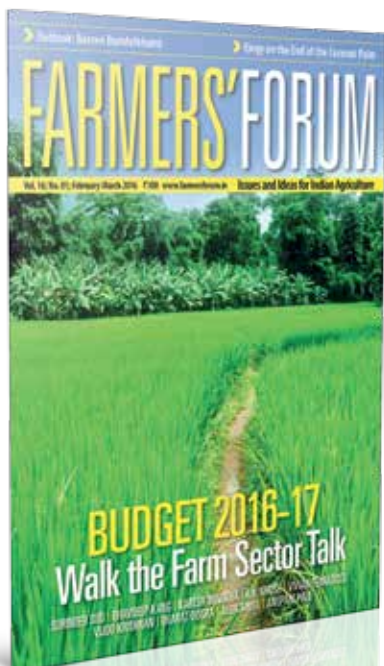
The proposals will also help retrieve the situation arising out of extremely low inflation over last few years, which has adversely impacted terms of trade for farmers, the BKS says.

1. Bring alcohol, an agricultural produce, under the ambit of GST at the highest tax slab. Even after reimbursing states for giving up revenues from alcohol, the centre would have an annual surplus of over ₹50,000 crores.
2. Design a new crop insurance and compensation scheme or, more importantly, a "Farmers Disaster and Distress Relief Commission". Till such time, scrap the Pradhan Mantri Fasal Bima Yojana and save over ₹20,000 crores annually.
3. Conduct a forensic audit of each fertilizer manufacturer, including a review of items qualifying for calculation of subsidy to rebut the criticism that government and farmers face on the agricultural subsidies, specifically fertilizer subsidy. A system where subsidy is given in the name of the farmer, can objectively be reviewed when farmer organizations are a part of the review process. This could lead to savings of a few thousands of crores.
4. Scrap the proposed DBT of fertilizer subsidy that has only one winner: the fertilizer industry. Everyone else loses, including the government, the farmers and the country. It is solely designed to transfer burden of collecting subsidy from the industry to the farmers.
5. Finance a long-term study to a consortium of farmer organizations for development of a measurement metric for Farm Eco-System Services. A systems approach is radically different from the present structure. It is also beyond the capacity of the Ministry of Agriculture & Farmers Welfare or other ministries, working in silos, to develop.
6. The speed of agriculture supply response (increase and decrease in production) usually delivers shock to the economy and the society. To offset the adverse

consequence, India desperately requires robust farm level data collection, assessment and a 'nationally consistent database'. The states are incapable of creating a market intelligence system. The central government must establish an autonomous body, similar to the U.S. Department of Agriculture, under the aegis of the Ministry of Agriculture & Farmers Welfare.

7. Reduce GST on processed foods and dairy products to five per cent and allow GST set-off on processed food/dairy to food operators (no refund). Optionally, increase GST for food operators to 12 per cent and allow set-off.
8. Remove provision of income tax on 'dairying'. Alternatively, specifically clarify that the provision does not apply to dairy farmers. Agriculture is a state subject.
9. Promote backyard poultry by sourcing eggs from such units for mid-day meal.
10. Plan a separate skill registry for agricultural workers.
11. Prioritize investment in human resources. States are financially constrained from even tapping into centrally-sponsored schemes or are unable to prioritize public investments as needed. There is an over 50 per cent vacancy in sanctioned posts in agriculture research institutions and state agriculture extension across India. Extension for animal husbandry is completely missing. Provide finance to fill the vacancies and double funding for agriculture research. Considering the crisis in rural India, change the funding ratio for central government sponsored schemes for agriculture to a 90:10 ratio, where the central government bears 90 per cent cost (as earlier) for a period of five years.
12. Various ministries face significant barriers to addressing the existing challenges and the system naturally resists changing status quo. The ministry of agriculture, food processing or such others that impact farmer livelihoods cannot be expected to objectively self-evaluate. Set up a statutory farmers' commission headed by a farmer, comprising an IAS officer as a full-time member-secretary and agriculture secretary as an official member. Its mandate must include reviewing of existing interventions, recommending new initiatives, repurposing existing subsidies and allocating resources. ●





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