

Perspectives

Farmer is Key to Farm Growth

Economic growth and food security depend on healthy farm sector, whose pillar, the farmer, is still neglected



AJAY S SHRIRAM

In India, agriculture and allied sector is the source of income for over 60% of rural population and its contribution to GDP has been consistently coming down and currently stands at 14.3%. For the Indian economy to grow at the rate of 8-9%, the growth rate of agriculture sector has to be more than 4%. The critical role of agriculture in the economy highlights the need for a larger investment in agriculture en route to the second green revolution.

Considering the absolute necessity of food security and sustainable agriculture, it is essential for the government to work towards rejuvenating the agriculture sector.

Unless growth and development of farming leads to improvement in farmers' welfare, it cannot be a sustainable option for them. Farming must become a lucrative source of income for farmers for the sake of food security and also to improve the livelihood of the rural population of India. Hence, the government

should not only focus on development of farming sector but also the farmer as some policies focus on farming, but not the farmer.

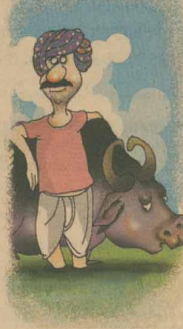
The problems plaguing the growth of agriculture are plenty: inadequate availability of quality inputs, low farm productivity, insufficient market access for agriculture produce and an inefficient supply chain are some of the critical aspects that need urgent and immediate attention. Hence, a

Growth and development of farming should lead to improvement in farmers' welfare, making it a sustainable option for them

few policy/directions changes that will have a positive impact on the agriculture sector. ► Indian corporate sector has had a long association with the farming community either in the form of an input supplier or as output buyer. The government should focus on leveraging corporate sector's link with farmers. For instance, the model should focus on tie-ups of contract farming of farmers and the corporate like is being followed by the millers in the sugarcane industry.

► Farm extension activities: The last-mile delivery is an important medium to help increase productivity and, hence, profitability of the farmers. The government should provide tax exemptions to companies as to encourage them to focus more on farmer extension activities. The department of science and technology approves research projects and gives financial encouragements, deductions and tax breaks. The same can be extended to applied research projects in the field of farm extension work and the last-mile delivery as these improve farm-level productivity and, hence, farmer incomes.

► The irrigation facilities should be upgraded and strengthened since the monsoon pattern is becoming more and



more unpredictable. This should be addressed as the key rural infrastructure need. ► There is a need for encouraging the use of hybrid seeds and setting of state-wise five-year targets for seed replacement rates. Also, the long-pending seed Bill should be passed and implemented. ► Sugar is an important agriculture-processing industry, with a strong impact on rural development. The industry is seeking complete decontrol and reform of the sector in larger interest of all the stakeholders. The sugar industry continues to be throttled by excessive regulations and controls, not faced by any other industry in the country. Be it raw material (read: cane) prices, stock limit, levy obligation or export of surplus, the industry has to abide by the decisions made by central and state governments at every stage of its value chain. And the problem is compounded by the fact that multiple ministries and departments govern the industry, making the sector cry for immediate deregulation to set it free to realise its true potential. Decontrol of the sugar sector is the only way forward lest it gets destabilised under the burden of regulations.

► FDI in multi-brand retail can have a transformational impact on the farm sector and post-harvest supply-chain efficiencies. Farmers would be

in a position to realise higher share of final price of produce, increasing their income.

► An extremely critical element of the farm dimension is market access to farmers. Currently, there are 7-8 intermediaries between the farmer and consumer that should be reduced to 3-4. This will help in raising the margins of the farmer at the bottom of the pyramid. The central government should extend the incentives to states to adopt model APMC Act at the earliest that will give the farmer the liberty to sell his produce wherever he gets the maximum profits. Also fruit, vegetables, milk and other perishables should be removed from the APMC list.

The major issue affecting agriculture is that farmers themselves don't see farming as a profitable option today. With the increase in population and decreasing landholding size per farm household, farmer's indebtedness has increased. If rains are not on their side and the crop fails, they are often left staring at mere survival. Hence, it is critical for the government to address the issues of the farmers for the sake of food security and improving the livelihood of rural India.

(The author is chairman and senior managing director of DCM Shriram Consolidated, and chairman of the CII National Committee on Sugar)