



## “A PENDING NATIONAL AGENDA”

**Prof. Dinesh Kumar Pandiya**

Professor-adj., Pragjyotishpur University, Guwahati. Formerly- Pro-Vice-Chancellor, Assam Univeristy, Silchar-Assam.

**ABSTRACT** Despite major economic reforms in 1991-92, India's agriculture sector has remained largely untouched. While industry, trade, and disinvestment saw transformation, agricultural reforms lagged due to several factors—most notably, farmers' reluctance to change. This stagnation has led to a mismatch between agricultural production and national demand. The government continues to procure surplus production of 22 crops like wheat and paddy under the Minimum Support Price (MSP) scheme, even as it imports essential food items such as pulses and oilseeds. This paradox strains national resources—creating overstocked godowns and food wastage—while failing to meet actual consumption needs. The paper emphasizes up on the urgent need to reorient cropping patterns. Farmers must be encouraged to grow crops like pulses, oilseeds, and vegetables, which have both domestic and industrial demand. These could serve as raw materials for agro-industries producing sauces, snacks, and processed foods, where MNCs currently dominate. Despite policy pushes, government efforts haven't yet delivered results. A strategic shift in agricultural policy, supported by awareness, infrastructure, and incentives, is essential. Such reforms would reduce import dependency, optimize government procurement, and strengthen India's agro-economy—making agricultural reform a truly national priority.

**KEYWORDS :**

There is no dearth of experts holding opinion that the policy reforms undertaken in 1991 were incomplete as these did not entail in it the long pending needed reforms in agricultural sector of the country.

The policy reforms of 1991 no doubt paid the dividends which was evident by the acceleration of the growth rate of the Indian economy. However no write up or thought is available claiming that the achieved growth rate was the Zenith, and the agricultural reforms would not have contributed had these taken place simultaneously. In fact the time was ripe to welcome the transition in agriculture sector too at that very point of time.

Indian economy has been achieving new heights since then. Considering that these heights may further be heightened by undertaking the unfinished task of agriculture sector reforms, the Government of India with a positive intent and almost an exhaustive content passed a bill in the Parliament on 17<sup>th</sup> September 2010. It was welcomed by agricultural economists and the veteran planners of the country. However, fate of it got seized by a created narrative, largely based on imaginary grounds backed by political considerations, and also in a subtle form based on ideological leanings. It is only interesting to recall that the resisting forces otherwise used to criticize and counter each other on many matters but joined the hands to sing the chorus designed to defame a much needed reform initiative. One of the stakeholders, that is, a section of farmers instead of analyzing and realizing the long term personal and national gains by this move, fell in the trap and started finding flaws in the move.

In order to understand the matter concerned a brief depiction of it covering the major points is needed.

The exclusion of the agricultural reforms in 1991 initiative resulted into agricultural growth turning either very slow or almost standstill. The non-agricultural sector had picked up a higher growth route and as a result the workers in the non-agricultural sector started reaping the gains in the form of a rise in their income whereas the agricultural income of the farmers either got deprived to pick up that route or it was dimly slow. During 2000 to 2009 the annual income of a non-agricultural worker exceeded that of a farmer by almost Rs. 1.42 lakhs. This unwelcome trend caught the attention of some economists and experts and once again they started airing their voices in favor of the agricultural reforms which they felt were pending. The experts offered specific suggestions for attracting capital and investment in the area of logistics and food value chain and allowing the farmers to move out of APMCs. By this time a variety of ideas starting appearing in the media and academic discussions. Research papers also were contributed in the relevant journals favoring the idea of reforms. Our commitment to WTO for pursuing agricultural reforms and failure to put in place the same resulted in increasing farmers' distress which finally reminded our rulers and administrators about the need for reforms. Otherwise too the literature concerned suggests that the agricultural growth can better be registered through liberalized market systems than the spoon

feeding by the governments.

Divisions in the farmers' families have been pushing the agricultural lands in the form of smaller holding resulting into small surpluses and resources. Since most of them are not producing at larger scales their vulnerability to the present structure of market system and actors, ARHIATAS and government collections at APMC market places for example, prevents them to be reasonably gainer. The idea behind the new farm laws was to rescue the farmers especially small ones from this vicious circle by creating an environment in which they may opt for switching over to high value crops which in many cases happen to be the raw materials for food processing units. Had this idea seen the light of the day many of them would have entered into some kinds of agreements with the entrepreneurs engaged in food processing industry. That way their produce might not have faced the redundant provisions of APMC and they would have got higher prices for their product. The provisions of the proposed and later withdrawn Farm Act were made to take care of the flaws of traditional supply chain which involved almost half a dozen transactions between the stage of production and the logical end point. Not to say that under the present arrangement howsoever thin the margin of every transaction is, it does entail in it some cost leading to avoidable price spread. The provisions of FPTC were tailored to compress the value chain, thus avoid the avoidable price spread. The expenses involved in storage and warehouses could naturally have taken care of by the entrepreneurs/industrialists having entered into agreement with the farmers willing to sell their produce to them. These entrepreneurs/industrialists would have been able to adjust this cost by enjoying the benefits of getting the needed crop of desired quality and quantity at the desired time.

In a scenario where there is an increasing demand for agro based products particularly processed foods why cannot the raw form of agricultural products be made available to willing entrepreneurs in an uninterrupted and guaranteed manner. It is hardly difficult to comprehend that once this is ensured in an institutionalized fashion, possibly by the state if not by motivation and persuasion then through legislation, not only the farmers shall get higher prices for their efforts but also the nation shall benefit by being able to successfully face the international competition in the arena of the sale of products of food processing industry in the domestic market as well as beyond. The example of the success of Amul can hardly be refused to be accepted for the purpose by any rational thinker. The logical culmination of this proposed positive cycle may be seen in the form of self-dependence in food processing industry, ensuring a higher market share of our processed food in the international market, increased amount of tax collection, more employment and resultant gains by auxiliary industries and activities.

A major contention behind the continuance of guaranteed MSP and/or its refusal had to be looked into from a prism of needed change.

There was a historical need during fifties and sixties of being self-dependent on at least crucial food grains the supply of which in sixties was not proportionate to the demand of the country. The philosophy of MSP was considered useful to motivate the farmers engaged in producing the edible oils, paddy, wheat, pulses and other staple food items not only to come out of the nightmare of the experience of PL480 but also to move forward for all times to come on the count of food sufficiency. A variety of efforts like innovating newer class of seeds through agricultural researches, establishing more fertilizer plants, improving irrigation system, developing new agricultural tools and equipments along with ensuring a higher supply of electricity to farmers at cheaper rates, to name a few, were made to boost the production of more needed food grains. Also the agricultural produce was kept free from taxation. On the top of all these efforts it was also decided to counter the apprehensions of certain stakeholders that if the amount of production crosses the limit of the demand of the country and the farmers may turn to be losers on the count of the proceeds they deserve, the idea of MSP got coined and implemented at that point of time.

It is because of our farmers' hard work that in the last sixty years we have not only been addressing the need of the belly of our population but also maintaining a buffer stock in almost every district of the country to meet any exigency whatsoever on the count of supply of food grains. Having accepted the desired positive gains of higher food grains' production the inherent hardly avoidable negative implication of the strategy of excess production too had to be swallowed. Losses in the process of storage, in the form of upkeep, theft, decomposing etc., had to be tolerated by the government finally passing the same to exchequer.

Not to say that this was a negative implication of MSP practice. Though the government, as a temporary measure, did find a solution of this problem by providing the food grains in excess of storage to the poor strata of the society either at much lower prices than prevailing in the market or in the form of free bees. The practice of free bees, as we know, is criticized by all. Hence a way is to be found out to curb this practice.

In fact the visible possible gains apart, through the reforms, which had to face unfortunate miscarriage there could have been gains on other counts too for example by saving the foreign currency which we year by year have been spending in importing such food grains and other edibles the production of which in the country is lesser than the demand. One of the major reasons behind the mismatch between the demand of some of the food grains and the supply (i.e., production) of the same in the country can be attributed to decelerating population growth and increasing growth rate of our agricultural production. This trend can be arrested by exporting the excess food grains produced in the country to the tune of almost 20 to 25%. But we would not prefer to do it as it is known to us that no fast developing economy would like to engage itself in exporting the food grains in the international market because the respectable margins of profit in the international market can be earned by selling industrial products, services or agro-based products and not by the raw form of the agricultural products. Also this possible solution ties our hands because of our poor price competitiveness of our agri-produce in the international market which is largely because of our high logistics cost.

The claims above do possess certain base in the form of data. The same can be understood by a glimpse of the imports of **some of those** important food grains and other edibles during the decade 20 09-10 to 2018-19 which we had imported without any gap during this period of ten years:

**Table 1: Import Data Of Food Items**

Type of Commodity	Total Quantity (in Quintal)	Total Import (2009 to 2019) (In Crores)
Pulses	40549281	1,53,118.21
Fresh Fruits	5561757	33,104.68
Alcoholic Beverages	2170006	23,965.42
Wheat	8307195	12321.84
Cocoa Products	471344	11,826.13
Betel Leaf and Nuts	464742.4	5254.53
Jaggery and Confectionery	610363.1	5229.88
Fruits and Vegetable Seeds	119800.9	4517.99
Dairy Products	241620.5	4043.83

Floriculture	37897.59	1029.88
Walnut	40009.89	1019.09
Maize	694654	1014.99
Fresh Grapes	23537	474.51
Groundnut	5138.03	28.55
Millet	16562.8	20.36

Source of the data (1) in table: Agriexchange.apeda.gov.in

The list above includes in it only **some** of those important items which we had imported every year in the said period without any exception. There are a good number of other agricultural products which we import quite often but these have not been included in the table keeping in mind that a sample depiction may serve the purpose. The irony is that on the one hand we produce certain agricultural items much more than our usual domestic demand and on the other we, at times, import the ones the production of which fails to match the demand of our country.

No prices for being able to understand and conclude based on the above data that the country is to accept the need for diversification of crop production. Good many of us do understand this need but the lead will have to be taken by the MSP beneficiaries engaged in producing paddy, wheat, sugarcane and the likes along with their leaders who have adopted a stand to refuse to accept this need of the country. Till a sane approach by all is adopted the country shall continue to spend foreign exchange on importing the deficit amount (as in the table above) of the food grains needed by us.

The description will surely invite a debate between the ones siding with the concerns of those who are engaged in producing the listed twenty two crops and the ones who may like to side with the farmers engaged in producing the remaining agricultural products like tomato, ginger, watermelon, banana, apples, lemon, peanuts, beetle nuts, coconuts, milk, potato and onion etc.

The criticism of the new farm laws by certain quarters on the ground that the government introduced and passed this act in haste and did not follow the route of consulting over the matter with the stakeholders concerned is not true. A glance over the history concerned reveals that the discussions on the policy reforms including structural changes in agriculture sector have been in currency around the year 2000 onwards. It was this time that a need for reform was felt with severity and in fact all the governments at the center since the year 2000 have been putting possible efforts to take into confidence and persuade the state governments to undertake needed changes in their APMC acts. The NDA government led by Sri Vajpayee had prepared a **model** APMC act 2003 which incorporated in it appropriate reforms and liberalization. This model act entailed in it the provisions facilitating the contract farming by way of direct sale and purchase between the farmers and the entrepreneurs willing to do so ignoring the provisions of earlier APMC restricting to do so. The UPA-1 continued to put the efforts in the same direction and wished to allow fruits and vegetables out of APMC regulation. This was accepted too by the 16 states of our country. Following the spirit of the need for change the NDA-1 (2014 onwards) government continued to persuade the state governments to undertake the needed amendments in APMC act. It may be useful to remind ourselves that unfortunately all the states did not make requisite changes in APMC act despite repeated advisories by the union government. Leaning towards pragmatism and submitting to the resistance of some of the stakeholders to accept the form of the reform at hand another committee was constituted by the union government which prepared and proposed a new model act namely "The State/UT Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017" (APLM Act). It is noteworthy that this act was discussed with the state ministers of agriculture/marketing who by and large had appreciated the move. However, to the dismay of the then NDA government even after three years only Arunachal Pradesh had adopted the Model APLM act. Contract farming was kept out of the Model APLM Act 2017 and a different model act on contract farming namely "The State/UT Agricultural Produce and Livestock Contract Farming and Services (Promotion and Facilitation) Act 2018" was prepared by the ministry of Agriculture and Farmers' Welfare after a detailed consultation with the states, union/territories along with some experts.

It is only to be reminded that barring three states namely Kerala, Jammu and Kashmir and Manipur remaining states had enacted the APMC Acts. However, unfortunately (barring few) when most of the

states/UTs did not exhibit requisite interest in reforming and moderating their APMC act for long i.e. almost 15 years, on the lines of changed needs. Union government was left with few options like either to shirk its responsibility towards the agriculture sector of the country or turn harsh by passing an act to be implemented throughout the country aiming at reforms.

In order to ensure the successful implementation and resultant acceptance some allied efforts had also been initiated around the year 2002, in the form of reforming the policy relating to the modifications in Essential Commodities Act -1951 for agri -food stuff. The list in ECA for agri-food commodities was squeezed and the provision for licensing of dealers was scrapped. Also the provisions of storage and movement of food grains, sugar, oilseeds and edible oils were modified. It was this unfortunate time in the history concerned that that there appeared a negative turning point in a way of revival of some of the controls under ECA after 2006. Keeping in mind the stakeholders' good these restrictions were again withdrawn by a government order issued on 1<sup>st</sup> October 2016. Change in the policy with the change in the government was bound to shake the confidence of the investors the results of which started appearing in coming years in the form of a slower development in agricultural infrastructure, logistics and modernization of supply chain.

The need for revisiting the efforts for change arose due to some other reasons too. Initially the infrastructure and logistics required for providing the needed facilities to farmers in the specified areas (Mandi) for the purpose of storage and marketing etc., was much more than the demand. In course of time, i.e., roughly during 1995 to 2006, however, this proportion turned to be adverse and the availability of infrastructure and logistics to farmers was hardly one fourth than their requirement. This happened largely because of attaining higher productivity in production of agricultural items. This needs to be noted with due attention that the area specified for marketing activities in Mandis, along with other requisite facilities was highly insufficient and to put the salt on their wounds the concerned regulation forbade them to sell their produce outside the APMC markets. One more thing needs to be recalled at this point that the state governments in many cases, despite having failed to improve and enrich the facilities to be provided to farmers at the specified places (Mandis) as required did not hesitate to enhance the cess, levies and commissions for the agents (Arhatiyas) and the charges to be paid by the farmers for using the specified market area. Thus instead of taking care of the deficiencies of APMC provisions and the unhealthy practices in their respective states, the state governments at times treated the 'Mandi Samitis' for further milking and additional revenue sources. It was these hitting points at that time that the need for revisiting the entire matter including the provisions of the Act in vogue appeared pressing. The new Farm Laws should be construed and accepted in the light of the above.

The description of chain of events, mentioned above, is sufficient to understand that enough efforts, consultation and participation on the matter were made by the union governments in power at respective times. Any analysis of the matter will be incomplete and deficient if not taken in to consideration the challenge thrown by Covid-19.

The need of the hour is to have a serious and honest introspection by all the stakeholders and reach a conclusion which is acceptable to all in the long run and not such which is capable of favoring only one or two stakeholders and that too in the short run.

Soon we understand that only few things in the world are permanent and change is one of these it will be good for our economy and prosperity of the country. Change, we like it or not, at times, is unavoidable and the need to understand, accept and initiate necessary steps to accommodate this change along with coping up with it is the only option to address the issue. If there are some equally good options in the minds of critics they should bring the same before the nation so that these are duly discussed and an appropriate strategy is formed. Understanding this will help in coming out of confusion and deadlock and also pave the way towards a smooth transition finally culminating in achieving commanding heights in any arena. Rigidity of whatever form for whatever only pushes backward.