

Reviving Agriculture

It needs a boost in the form of public investment in irrigation and access to technology

PM Modi devoted an entire episode of his Mann ki Baat radio talk show to rural issues. He was sympathetic to the plight of farmers buffeted by adverse weather conditions and promised to craft supportive policies. He needs to design them immediately as Indian agricultural sector has entered a challenging phase and the thrust of government policies needs to be oriented towards enhancing investment in irrigation infrastructure. This, in turn, has to be supplemented by smarter outreach to introduce better technology. These measures are essential to build a robust farm sector:

Three overarching themes defined Indian agriculture over the last decade. Agricultural markets remained fragmented even as attempts were made to integrate markets for goods and services. Individual farmers increased investment in irrigation and labour saving devices.



Simultaneously, they also increased cropping intensity. Investments paid off as the 2007-12 period was a productive one for agriculture. However, from a national standpoint, government did not do enough to complement private investment in agriculture, particularly in irrigation. The economies of scale that come out of public investment in irrigation serve to both boost production and partially mitigate the investment risks of farmers.

Instead of public investment, policy was oriented towards enhancing spending in subsidies riding on inefficient delivery mechanisms, which left farmers vulnerable to calamities.

Constitutional design gives state governments a primary role in agriculture, which puts them at the heart of reforms. NDA government hopes to integrate India's agricultural market, which is carved up into 2,477 markets under the ambit of different Agricultural Produce Market Committees (APMCs). Earlier attempts at reducing the monopoly rights APMCs have on first sale of commodities have been disappointing. Political will is needed on the part of both NDA and state governments to dismantle this entrenched monopoly and make it compete with other players such as big retailers. Integrating fragmented agricultural markets gives farmers a better deal and also helps urban consumers who suffer frequent price spikes on account of local shortages.

Eventually, better infrastructure and technology diffusion are key to improving agricultural production. NDA needs to lead the way by reorienting its spending priorities and helping states with their outreach. India's farm yields need to improve and an irrational fear of genetic engineering hampers farmers. They too should have the option to dip into the benefits of technological progress. Modi needs to get cracking.