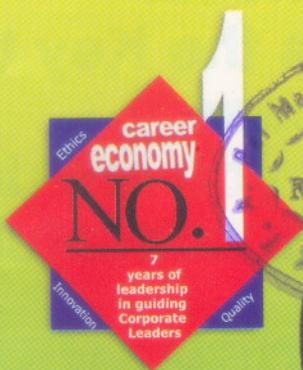


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# Agriculture needs to be liberated

The year 2006 has been a Year of Crisis for Indian agriculture. The low productivity, high debt phenomenon had crushed the very soul of Indian economy. This has forced a rethink at every strata of Indian administration to give a serious look to the sector. The Union Finance minister devoted a large part of his attention in Union Budget 2007-08 to revitalize the Indian Agriculture. However despite this no big change is coming forward in India's agriculture sector. There are many questions that need serious debate. We put forward some of them to the mentors at various institutes. Let us see what they have to say about and what ails the Indian Agriculture?

## WHAT AILS

### Indian Agriculture ?

I do not agree with the view that the last year has been a bad one for Indian agriculture. In fact it has been fairly well because of better monsoons. However, as agriculture in India is a state subject and is climatically influenced, the performance has not been uniform across the board. Despite the media reports of farmer suicides and crop failures there are pockets in the country which are doing well because of the enterprise of farmers and the policies pursued by the respective State Governments. So it will not be fair to say that the Indian agriculture is facing any sort of crisis right now.

There is no denying the fact that the investments meant for Agriculture have declined over the years and consequently the capital formation has also suffered. It is also obvious that the lack of investment has caused havoc with the infrastructure like rural markets, rural roads and most importantly the irrigation facilities. What has been done in the interregnum has been populist policies which could not be sustained as free electricity to the farmers and huge subsidies. They neither contributed to the sustainable infrastructure facilities nor contributed to the capital formation.

The populist policy continues to dog the Indian farmers. Most of the announcements made in the name of improving the status of Indian farmers are either related to vote catching or more towards seeking patronage for the politicians. At a policy level, there is hardly any coherence in putting



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forward these instruments and these are essentially knee-jerk approaches. Hence, they do not come up to the level of farmers on a sustainable basis. Take the example of farmers suicide in Vidarbha. The government had constituted a committee to look into the matter related to indebtedness of farmers, soon after the highly publicised



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visit of Prime minister Manmohan Singh to the region. It was to submit the report within 6 months. More than 16 months have passed since then the report is still no where in sight. If such is the pace of developments what can be expected from the policy makers. Any of the official you talk to will recount a number of things (to help improve the conditions of Indian farmers) on paper but no one is sure how they are going to materialize in action. That seems to be the bane of the so called institutional support to farmers.

Keeping all this in mind. A thorough recheck of India's agricultural policies is required. Though it is very difficult to present the whole agenda in this short space, my point is that any effort to revitalise the Indian agri-



Dr. Y S P Thorat, Chairman, NABARD

culture should include following points.

- The aggregate lending to Agriculture must be on par with the other large sectors (at a policy level);

- The banks in each region should not only have a target approach but institutionally strong policies and practices. Such as Syndicate Agricultural Foundation (by Syndicate Bank).

- The NABARD as an apex bank must be oriented towards Agriculture Management utilizing the latest research and lot of work done by several agencies. (Micro Finance and involvement of ICICI Bank could be one good example).

- Identification of debt prone areas on an emergency basis and utilize all the government and non government agencies along with banks to reverse the trend. The farmers simply lost their hope and hence the increasingly large number of suicides in certain areas.

- The need for war footing for reversing trends in agriculture is a

must. The private sector coming forward to agriculture could be a saving grace. However, a lot more institutional reforms are required to make it more effective.

- A number of studies and Agro climatic zones must be revived for making highly focused efforts in each region than on an omnibus approach to all the problems of agriculture.

On the marketing front too there are several viable models which proved to be time tested and sustainable.

- The Anand model;
- The ITC model (E-Choupal)
- The initiatives of the private sector to work in partnership with farmers (share holders)

In the end there is a serious need to liberate Agriculture as a whole from the Government controls particular in the pricing of the produce, movements across the country and the exports and imports. As soon as this objective is achieved the condition of Indian farmer is bound to improve.

