

POLICYMAKING HAS TO TAKE THE LEAD IN ADDRESSING URBAN-RURAL DISPARITIES

Relevant for: Indian Economy | Topic: Transport & Marketing of agricultural produce

Agriculture has been the source of strength in these distressing times for the Indian economy. Policy groups have focussed on the theme. IIM-A public policy alumni held a webinar on the issue at a global scale.

The monsoon has been good. Kharif sowing is at its peak. Government policies have been supportive. The challenge is to maximise the growth impulse and strengthen it as much as possible so that the deceleration in the economy is compensated to the greatest extent. Markets and price support are a focus of policy. MSPs have been announced and market access has been emphasised. This is important for the Northwest region.

In the rest of India, procurement prices are largely irrelevant. India has the largest system of agricultural markets in the world. But what does a “market” mean? Most agricultural trade actually takes place outside APMCs. The facilities are abysmal. In this period, we can do much to strengthen both the first stage agro-processing infrastructure (supply chains) and the functioning of markets.

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The real bottleneck in the [COVID-19](#) kind of [pandemic](#) is the “lockdown”. Markets are a place of trade. Trade and transport are two sides of the same coin as any regional economist will tell you. Lockdowns block transport. The railways are not functioning. A lot of agricultural trade uses the railway as its mode of transport. The doodhwallas and sabzi and fruit bais are dependent on regional and local trains as much as the “regular” passengers in the Nashik-Mumbai or Ahmedabad-Surat-Valsad locals.

Trucks can be subjected to random lockdowns by local authorities. One can’t really criticise the authorities because COVID-19 is a matter of life and death. We cannot quibble with their priorities. Similarly, economists are not good on matters of death — they are trained to analyse matters of life. I was not surprised when my friends, Montek Singh Ahluwalia and Kaushik Basu, talked of life after Covid. The real challenge is actually the “up to-then policies”. We have to suggest policies for agriculture within the context of the lockdown. One possibility is to allow trucks for agriculture transport under special conditions. The same can be designed at the government level for the railways.

A great movement has taken place from the small villages to the big ones and from there to small towns, but we have not supported this trend. More than a million farmers have moved to Census towns in most states. These don’t get priority when it comes to providing marketing infrastructure. For example, even now, private warehouses are starved of funds. Generally, migrants get the short end of the straw. All this undermines the income potential of agriculture. It is also feared that the many generous funding and credit schemes being announced may face the same bottlenecks as the ones earlier in covering the last mile.

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Maybe we can do something in these difficult times.

Will it be possible to cover the last mile in reaching the small farmer and landless labourer? There should be a moratorium on announcing schemes till the ones in operation show progress. In Gujarat, my pain is the waters of the Sardar Sarovar. Water was diverted into the main canal in 2002, the year Prime Minister [Narendra Modi](#) became the chief minister of Gujarat. In the first week of August, around a sixth of the farmers in one minor (canal) did not get their share of water.

The desired strategy has to be one that links the large villages, medium and small towns with the urban areas, not only through the development of economic infrastructure (roads, markets, electricity etc), but also building social facilities in the “rural-urban continuum”. We cannot only concentrate on public private partnerships (PPP) in large cities. In the towns, CRISIL tells us, PPPs do not have much comfort in terms of paying capacity. Policymaking has to take the lead in addressing such disparities. Similar problems exist elsewhere. Difficult policy challenges have to be met. Nothing ever succeeds in India, I was once told at a global meet. To which my riposte was, nothing also fails in India.

In the COVID-19 phase, shall we see to it that the successes are more than the failures? That will be the best tribute to the COVID-19 warriors in rural areas.

This article first appeared in the print edition on August 18, 2020 under the title ‘Building Post-Covid Society’. The writer is a former Union minister

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