

Ad hoc policy

Sugarcane farmers have had a bumper crop this year and sugar output is the highest since 2014-15. This, alongside a global surplus, has created downward pressure on prices. Consequently, the food ministry on Monday proposed a doubling of the import duty on sugar to 100%.

Ostensibly, this is meant to help farmers. But it is a continuation of the trend of using trade policy as a price support and stabilization tool that jeopardizes long-term trade relations and distorts the domestic market. As the Ashok Dalwai Committee report recommends, a stable trade policy should be designed so that farmers and traders can enter durable relationships with each other and international markets, serving the long-term interests of farmers. The policy should change predictably, instead of in an ad hoc manner. This needs to be accompanied by reforms in contract farming and land lease laws to shield farmers from price risks .

The Union budget had ambitious announcements to address agricultural distress. It is a pity the government has not seen fit to also address this core issue.

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