

# CMS' PANEL MULLS MOVE TO TIE STATE FARM REFORMS TO FUNDS

Relevant for: Indian Economy | Topic: Agriculture Issues and related constraints

With a view to usher in sweeping reforms to boost agricultural growth, a panel of Chief Ministers discussed ways to bring State Governments on board including the possibility of linking the adoption of reforms to the Finance Commission's grants and allocations.

Some of the reforms discussed by the panel, which held its first meeting at the NITI Aayog on Thursday, included the potential scrapping of the Essential Commodities Act (ECA) for the food sector and a review of agricultural subsidies, said Maharashtra Chief Minister Devendra Fadnavis who chaired the meeting. The dismantling of market monopolies, and steps to increase private investment and investment credit in the sector were also mulled, Mr. Fadnavis told reporters on the sidelines of the meeting.

## 'State subject'

"Agriculture is a State subject and all the States must be brought on board," he said, emphasising the importance of simultaneous and time-bound reforms across States to bring effective transformation countrywide. "Central government grants and the Finance Commission allocations should be linked with the agriculture reforms implemented by States," he opined.

The panel has finalised its terms of reference and is preparing a paper to be circulated among States. State government feedback is expected by August 7, and the panel is due to meet again in Mumbai on August 16. The meeting was attended by Union Agriculture Minister Narendra Singh Tomar and the Chief Ministers of Gujarat, Haryana and Arunachal Pradesh. The Madhya Pradesh Chief Minister participated via video conferencing, while the Uttar Pradesh Chief Minister sent his input in writing.

Mr. Fadnavis asserted that farm sector growth had lagged behind other sectors as it had not been part of the economic reforms of 1991. Almost three decades later, the Chief Ministers are attempting to build consensus around structural changes in the agriculture sector.

## Bipartisan view

The Chief Ministers of both Gujarat and Madhya Pradesh — one from the BJP and the other from the Congress — spoke on the need to do away with the restrictions of the Essential Commodities Act in the food sector, according to Mr. Fadnavis. The panel also discussed ways to ensure fair prices and end manipulative monopolies in the local agriculture produce mandis, as well as the need to remove obstacles to the implementation of the digital e-NAM system in all States.

Approaches to spur growth in the food processing sector, which must grow at a faster pace than the overall agriculture sector in order to increase farmers' income, were also discussed.

The panel also considered the need for better coordination between the Agriculture and Commerce Ministries to ensure a dynamic pricing policy based on global market trends for major agricultural commodities.

With regard to subsidies, the panel discussed ways to ensure that they are targeted better in

order to maximise benefits for farmers. Holding that private investments were key to the growth of the sector, the panel discussed ways to reduce credit costs and improve linkages with financial institutions.

The need for States to adopt the Centre's Model Contract Farming Act was also stressed at the meeting.

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