

Farm sector crisis: growth fetishism in agriculture is reaching its limits

That the farm sector has been mired in economic distress is not an unknown fact in India. Until now, there has been a fundamental asymmetry in who bears the pain of the agrarian crisis. Lakhs of farmers have committed suicide in the last two decades. Farmers' protests too, have been largely symbolic in nature; such as the Long March of farmers in Maharashtra and prolonged sit-in by Tamil Nadu farmers in New Delhi. These actions have not had any material impact on India's non-agricultural population, especially the middle class which plays an important role in shaping political opinions. This seems to be changing.

Over the past few days consumers in many Indian states are paying higher prices and even looking at a potential supply crunch for horticultural products and milk as protesting farmers' organisations have cut supply lines to wholesale markets. It needs to be kept in mind that farmers, whose economic condition is always precarious, are inflicting economic damage upon themselves by adopting such a tactics.

It is not very difficult to understand why they are doing this. India's agricultural sector has been on a proverbial wild goose chase in trying to find a solution to its systemic crisis. Our ruling establishment, both the current and previous ones, has only sold promises, reports and occasional palliatives such as loan waivers to the farmers. All parties pay lip-service to the key recommendation of procuring farm-output at 1.5 times the so-called C2 cost (which includes things such as imputed land rents). None of them is willing to honestly discuss the fiscal and logistical implications of such a programme.

Minimum Support Price-based procurement can at best be an anchor of prices for some important food grains. It will take a drastic enhancement in warehousing capacity and radical reforms in wholesale markets to provide remunerative prices to farmers even when there is no exogenous weather-related or economic shock to the system.

An overwhelming majority of India's farmers are paid only small fraction of the prices for which their products are sold in retail markets. Farmers need an additional cushion when extreme events involving crop losses or price crash hit them. The fact that farmers are protesting despite roll-out of policies promoting digital connectivity and trade in many wholesale markets and crop-insurance programmes, etc, by the NDA government shows that little has changed on the ground.

Our politicians and policy makers have become used to flaunting high agricultural growth rate and record crop production figures in their attempts to dismiss concerns about a systemic agrarian crisis. That fact that farmers are dumping the same products down the drain in a clear warning that this growth fetishism is reaching its limits as far as agriculture is concerned.

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