

PANEL TO PUSH FARM REFORMS IN STATES

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

Boost for sector: Farmers readying fields in Keonjhar district of Odisha as monsoon picks up. Biswaranjan Rout

With the Centre deciding to take the ordinance route to push through reforms in agricultural marketing and contract farming, the 15th Finance Commission is considering the promotion of an expanded farm reform agenda for States over the next five years.

At a meeting with its Economic Advisory Council on Friday, the Finance Commission set up a panel “to devise a mechanism for incentivisation of States in areas of agricultural reforms agenda for the purpose of inclusion in the Commission’s recommendations in its final report”, according to a statement.

The group includes agricultural economist and FC member Ramesh Chand, as well as Union Agriculture Secretary Sanjay Agarwal.

Three indicators

“In the framework for the FC’s interim report for 2020-21, we had recommended performance incentives to be given to States on the basis of three measurable indicators of agricultural reforms,” Dr. Chand told *The Hindu*. If State Legislatures enacted the Centre’s Model Acts on agricultural marketing and contract farming, as well as the Model Agricultural Land Leasing Act, 2016, prepared by NITI Aayog, they would be eligible for financial incentives from the Commission from 2021-22.

However, the Centre issued central ordinances on both agricultural reforms and contract farming earlier this month, as part of the Atmanirbhar Bharat package, bypassing the need for States to enact the Model Acts.

“Now that the Centre has issued ordinances for two out of three, we need to select a new set of measurable indicators,” said Dr. Chand. His panel will consider what fresh agricultural reform measures they wish to promote among States, possibly including the Model Land Leasing Act, he said.

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