

FROM PLATE TO PLOUGH: RECOVERY THAT INCLUDES REFORM

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

In these gloomy times, looking for any good news is difficult. But, we can take some satisfaction in the fact that India seems to have contained the mortality rate from [COVID-19](#) infections at around 3.3 per cent. This is much lower than the global average of about 7 per cent, and lower than that of countries like the US (5.8 per cent), [Spain](#) (11.6 per cent), [Italy](#) (13.7 per cent), the UK (15.4 per cent), France (14.7 per cent) and even Germany (4.1 per cent). But, India is certainly not out of the woods yet. The real test will come when the lockdown is lifted.

Next to saving lives is the necessity of having food to survive. On the food front too, India has done reasonably well. Despite initial disruptions in supply lines, India has somehow managed to feed its large population of 1.37 billion. There have been no large-scale food riots and no major flaring up of food prices for consumers. In fact, if there is any complaint, it is from the producer's side that the prices of perishables have collapsed in some parts of the country. But, from the consumer's point of view, even for perishables like milk and vegetables, supply lines were quickly restored and food is easily available in the markets at reasonable prices. On keeping supply lines for essential food alive and running, those in the government managing the food logistics surely deserve to be complimented.

States must also be lauded for having done a remarkable job of procuring the main rabi crop, wheat. A seamless procedure of issuing tokens to farmers, opening several thousand additional procurement centres for wheat, even in rice mill compounds, and putting in place the logistics to procure and move it to states that face a deficit is commendable. Within the first three weeks of the wheat procurement season (by May 7), 21.6 million metric tonnes (MMT) of wheat had been procured with Punjab leading the way at 10.4 MMT, followed by Haryana at 5.1 MMT, and Madhya Pradesh at 4.8 MMT. These three states have done a great job to ensure farmers get the minimum support price (MSP) of Rs 1,925/quintal. But Uttar Pradesh, the largest producer of wheat, and Bihar have languished. Their wheat farmers, especially from eastern UP onwards to Bihar, are getting prices that are as low as Rs 1,700/quintal to Rs 1,850/quintal. Nevertheless, since the farmers of the largest rabi crop have got reasonable money in their pockets, they are doing brisk buying of inputs for the kharif crop, from seeds to fertilisers. And since the India Meteorological Department has forecasted a normal monsoon, we hope India's food situation will remain quite comfortable in FY2020-21.

Interestingly, agriculture still engages India's largest workforce. And it may be the only sector that registers a respectable growth this year as almost all other major sectors may plummet into negative territory. This will help absorb the shock of the [coronavirus](#) on extreme poverty and malnutrition (more on this in my next piece). Suffice it to say that we need to build on the success and resilience of agriculture. It cries out for reforms that can help farmers get a better price for their produce with consumers still paying a reasonable price for their food. This calls for large scale reforms in agri-marketing as well as in the public distribution system (PDS). While the APMC markets can keep doing their business as usual, it is time to open channels for direct buying from farmers/farmer producer organisations (FPOs). Any registered large buyer, be it processors or retail groups or exporters must be encouraged by providing them with a license, that is valid all over India. They should be exempted from any market fee and other cesses as they will not be using the services of the APMC market yards. E-NAM can flourish if grading and dispute settlement mechanisms are put in place. Private mandis with modern infrastructure need to be promoted in competition with APMCs. On the PDS front, we need to move towards cash

transfers that can be withdrawn from anywhere in the country.

Here is an opportunity knocking at the prime minister's door. He can get these reforms expedited, at least in the [BJP](#)-run states. Some initiative has already been taken by the Madhya Pradesh Chief Minister and even Uttar Pradesh is now moving along these lines. But much more can be done to put India's agri-marketing and PDS system on a more efficient path.

There is one area where India has failed miserably while handling the lockdown — addressing the problems of migrant labourers. The first mistake was imposing a lockdown from the midnight of March 24th, without any advance warning. Next day, hundreds of thousands migrant labourers thronged the railway stations and the inter-state bus terminus only to be disappointed as all means of transportation had come to a grinding halt. Thank God that it did not result in large-scale riots. The poor workers started walking on foot for thousands of kilometres. They did not receive the attention and care either from our political class or from the administration of the concerned state government and the Centre. This is a blot not only on the government's mishandling of the corona crisis, but also on every citizen of India who cares for the well-being of its people. It was so painful and shameful to watch even pregnant women walking for days together to reach their villages. They surely deserved much better treatment.

Finally, the time for immediate relief has almost run out. The recovery of the economy, whether it will be V-shape or J-shape, depends upon the package that the government announces. The mega reforms need to be built in this recovery package. This is a test of the government's wisdom and boldness. Timidity will not help.

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