

Farm Policy: A Carpe Diem moment for agriculture in Uttar Pradesh

The next government has many low-hanging, yet high-impact, reform fruits waiting to be plucked.

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Photo for representational purpose

In his famous work *Odes*, written around 23 BC, the Roman poet Horace coined the term *Carpe Diem*, often translated as “seize the day”, though literally meaning “pluck the day”. It was basically an exhortation to lose no time and plunge into immediate action for achieving one’s goals. Though Latin lyric poetry will be farthest from the mind of whoever is Uttar Pradesh’s (UP’s) next chief minister, he/she would do well to heed Horace, at least as far as agriculture in India’s largest state is concerned. He/she has a unique opportunity to pluck the low-hanging fruit of agricultural reform and reverse the long-term trend of tepid growth in the sector.

Recalling a small incident may serve to illustrate the irony of agriculture’s poor performance in UP, despite its naturally fertile soils and water from perennial rivers. In

May 2015, as head of the Small Farmers' Agribusiness Consortium (SFAC), an autonomous society under the Union Agriculture Ministry, I visited Jayapur, the adopted village of Prime Minister [Narendra Modi](#) in his parliamentary constituency of Varanasi. SFAC was helping to promote a farmer producer company (FPC) there, with over 800 vegetable farmers signing up as shareholders. The interaction revealed that the main challenge before them lay in marketing of produce. Under the prevailing system, traders/commission agents from the Varanasi mandi came to the village and extended finance ahead of the cropping season to farmers, who would, then, hand over their produce to these intermediaries. The farmers never realised the prices at the mandi. The FPC would have enabled that, by aggregating their produce and selling directly to buyers in the mandi.

When I took up the matter with the divisional commissioner and other officials in Varanasi, they were surprised to learn that a farmer-owned institution actually existed in the district! Yet, they were supportive of the idea and an officer was deputed to accompany me to the mandi, where a vacant shed was identified for allocation to the FPC. But the space never got allotted, despite the FPC moving a formal application. On following up, I learnt that the mandi traders led by the local MLA had met the commissioner the day after my visit. They threatened to go on strike if the FPC was allowed to undertake direct selling. Despite trying to persuade senior officers in Lucknow to intercede, I drew a blank in my efforts.

One can dismiss the above as a one-off incident, but the course of events exemplifies the casual manner in which UP has treated a sector that, in 2014-15, employed 59 per cent of the state's labour force and contributed 29 per cent to its gross domestic product. While agriculture at the national level grew annually by an average of 3.6 per cent between 2005-06 and 2014-15, UP could manage just 3.2 per cent. Significantly, neighbouring Madhya Pradesh (MP), with far less natural resource endowments for farming, clocked an average annual growth of 9.7 per cent during the same period. It also emerged as the second highest contributor of wheat to the central pool after Punjab by 2013-14, despite producing not even half of UP's output.

I offer two ideas for implementation by the new government in UP, which can kick-start agricultural growth and provide tangible benefits to thousands of farm households in the state in the very next term.

First, UP should immediately take up the challenge of wheat procurement. The new crop is due for harvest in 3-4 weeks. Public wheat stocks are now at a multi-year low and badly need replenishment. But most important, UP farmers haven't benefitted from the Centre's minimum support price (MSP) policy, the main reason being the poor organisation of purchases by state government agencies. This is in stark contrast to MP, which today has a better procurement system than even Punjab. MP farmers receive SMS alerts, informing them in advance of the specific dates for bringing their produce to state purchase centres. And the payment is made directly into their bank accounts, sans any involvement of middlemen/arhatiyas as in Punjab.

Given the short time window available, gearing up state agencies may not be feasible in this rabi marketing season. The answer, then, is to empanel private sector agencies that can undertake procurement on behalf of the state. UP's farmers deserve MSP benefits, especially given a likely bumper wheat crop this year. Over the next couple of years, the state could well target the pole position as the largest contributor to the central pool. This it can by strengthening its own agencies and systems for procurement.

Secondly, UP's rich soils and abundant water resources (barring in Bundelkhand) provide ideal conditions for vegetable production. Its own urban centres and proximity to the high-income Delhi-NCR region provides a huge market for fresh produce. The new state government should remove all trading and movement restrictions on fruits and vegetables, while not falling prey to entrenched mandi interests like the ones in Varanasi. This must be quickly followed up with enactment of a model contract farming law, as proposed in the latest Union Budget. As a major producer of potatoes, seasonal greens, mangoes, guavas and a host of other fresh produce, UP could attract sizable investments in backend integration and supply chains from agri-processing and organised retail firms through these reforms alone. I began with Horace. The full line from Odes is worth reproducing at the end: "Even while we speak, envious time has passed: pluck the day, putting as little trust as possible in tomorrow!"

The writer, an ex-IAS officer, is currently promoting an agri-marketing start-up and a visiting senior fellow at ICRIER