

Modelling Contract Farming

India is set to draft a Model Contract Farming Act

Contract farming, a practice that intends to offset price risks, was built around the chivalrous idea of having a mighty corporate looming large over the resource poor farmers and aiding them in production process right from the supply of quality inputs to buying the products. However, in the real world, the contracts were sometimes challenged, many times disputed and few times honoured. In the absence of a uniform law or authority that oversaw these arrangements, the producers and buyers bore the risk equally. It was high time a law was formulated to represent both ends of the contract unequivocally and judicially.

The government recently revealed its intention to bring out a draft model contract farming act, to protect farmers from price risks and encourage food processing companies to invest more in infrastructure and farming technology. The draft was placed in the public domain, inviting proposals and suggestions to be incorporated in the final act. The draft law follows a Union budget announcement that a contract farming act would be drafted to integrate farmers with agro-industries to ensure better price realisation for their produce as part of an initiative to double the incomes of farmers in the country.

The draft model act addresses many anomalies and areas of dispute in the existing regulatory framework. For instance, the requirement of registering with the Agricultural Produce Marketing Committee (APMCs) and hence the associated market fees and levies to the APMC to undertake contract farming has been done away with. As per the draft Model Act, contract farming will be outside the ambit of the state APMCs which means that buyers need not pay market fee and commission charges to these APMCs to undertake contract farming. Further, the draft Model Act provides for establishing a state-level Contract Farming (Promotion and Facilitation) Authority

to ensure implementation of the draft Model Act. Functions of the Authority include levying and collecting facilitation fees, disposing appeals related to disputes under the draft Model Act, and publicising contract farming. Further, the sale and purchase of contracted produce is out of the ambit of regulation of the respective state/UT Agricultural Marketing Act. Under the draft Model Act, every agreement should be registered with a Registering and Agreement Recording Committee, consisting of officials from departments such as agriculture, animal husbandry, marketing, and rural development. Such a Committee can be set up at the district, taluka or block levels.

The draft Model Act has also removed the limits of stockholding set according to the Essential Commodities Act of agricultural produce which was restrictive for the buyers to enter into contracts. Allowing direct sale of produce by farmers, removing fruits and vegetables out of the ambit of APMCs, and setting-up of farmer-consumer markets, electronic trading, and joining electronic National Agricultural Market for the sale of produce are some of the other recommendations.

Although the provisions stated appears 'model', there happens to be several challenges that the center would encounter. The law if comes into force will essentially be implemented by the states. Also, the provision in the act to enable companies to purchase directly from the farmer will require an amendment in state's APMC acts. Many states have been reluctant to touch the APMC act and hence the implementation will be a hard task. In the case of a price rise, farmers may exhibit reluctance to sell their price at the pre agreed price and it may escalate to farmer protests. The chances of companies reneging on the contract are also a possibility if they appear to be discouraged by the quality of the produce.

Contract law is a welcome step. However, it is a tight rope walk and the government should tread carefully.

Propagating Safe Pesticide Use

Safe use of Pesticides must be guaranteed and ensured by law

The Special Investigation Team entrusted with the responsibility of probing the death of 44 farmers in Maharashtra due to pesticide inhalation have submitted their report on the incident lately. While the report remains neatly wrapped and away from the public scrutiny, the big question is what next?

Further to pinpointing the blame on the actual cause and the responsible person, what creates more curiosity would be the next step to check the incidence of similar occurrences. The death of farmers at Yavatmal were accidental and so was the tragedy that killed 100 people in Kerala in 1958 due to accidental mixing of parathion with wheat flour, or the tragedy that killed 23 students in a Bihar school due to midday meal contamination with pesticides or the Endosulfan disaster in Kasargode that is causing mental and physical disorders in the existing and the unborn generations. The repeated occurrences of pesticide poisoning

Pesticide continues to enjoy a free run in India. The procurement, use and misuse is rampant with no intermediation from the government or any other concerned authority. As long as public health is held at ransom to policy lethargy, incidents such as this will occur more frequently and commonly. The pesticide management bill has been languishing in the parliament since 2008 without any headway and the archaic Insecticides Act, 1968 continues to manage the pesticides scene in India.

Pesticides are easily available and they can be used in any combinations by the farmer. The dose, combinations, spraying intervals are left to the fancy of farmers and anyone can get any quantity of these lethal chemicals at any time. In the case of accidents involving deaths and injury, the blame falls squarely on the farmers. India lacks accountability on the front of pesticide usage especially when misbranded or spurious pesticides are involved. The conviction in cases of

pesticide accidents are very low. It is not surprising considering the absence of a robust and clearly defined guidelines of pesticide use and storage.

Agriculture is a crucial segment, considering the impact they have on the rural livelihood. The profitability of this vocation and thereby the well being of a major share of the population depends on the uninterrupted yields generated from farming. Plant protection chemicals can guarantee a good crop and hence a good flow of income. However, their restricted and judicious use must be encouraged. Accountability should be instated in pesticide segment. It should be made mandatory for the crop chemicals especially pesticides to have a bar code giving product information. The bar code which encodes crucial information would ensure traceability from the factory floor to farmer's field and for regulation enforcement. The manufacturing companies should be invested with the mandate of propagating safe use of chemicals. Just like cigarette packets carry disturbing images of the health hazards of smoking, the pesticide labels should depict vividly the hazards associated with improper and overuse of pesticides. Strict laws must be enacted warranting jail terms and deterring punishments to the guilty. There should be continuous revision to the status of pesticides based on field level data and data from research bodies. Knowledge is not static and hence the regulatory bodies should have provisions to accommodate this flux.

Pesticides can be life giving and lifesaving. Unfortunately, their life taking potential is more often highlighted than their intended benefits. Lack of clear cut regulations and muddled policies are factors that pave the way for such allegations. Pesticide Management Bill 2008 can be a good starting point. It can be converted into a top-notch mechanism to regulate the import, manufacture, sale, transport, distribution and use of insecticides with a view to preventing risk to human beings and animals.

The MSP Ignorance

Many farmers in the country are unaware of the existence of MSP regime

Recently our Union Agriculture Minister, Radha Mohan Singh, while fielding questions in the Rajya Sabha, accepted the fact that farmers in the country are not getting the Minimum Support Price (MSP) for their crops. While the minister should be commended for his honesty, the fact that he stated requires immediate attention.

It was an open truth that farmers were not availing the benefits of MSP. The assertion by the minister puts on record the confirmation of this notion. More than five decades to its institution, MSP still has failed to catch the attention of farmers nor that of the policy makers. Since its inception in 1966-67, when MSP was announced for wheat at the wake of green revolution, this safety net has been expanded to include many crops. Currently 23 crops enjoys MSP. MSP was instituted to provide a fair return to efficient farmers and to protect the interests of consumers by keeping the prices of food and other agriculture commodities at reasonable levels. MSP also encourages the farmers to grow a particular crop. It was a necessity when it was instituted as India post-independence was staring at food supply deficits. So it was imperative for a fledgling country like India to ensure assured supply of food as a means to economically meet the demands of the populace than depending on the foreign imports.

But the real question is how many farmers avail the benefit of MSP. In actual terms it is very few. A Niti Aayog study on evaluation of the efficacy of MSP on farmers in the period between 2007-8 and 2010-11 neatly points out that eighty one percent of the cultivators are aware of MSP fixed for different crops in various states, while 67% of the farmers sold their produces through their own arrangements. A substantial proportion of crops are sold to local private traders and input dealers to whom the resource-poor marginal and small

landholders are obligated to sell their crops due to tie-up with credit. According to the National Sample Survey's (NSS) Situation Assessment Survey of Agricultural Households 2013, even for paddy and wheat, less than one-third of farmers were aware of the MSP; for other crops, such awareness was negligible.

MSP has been popular in the green revolution states and in the rest of the country there are only few takers for this. MSP of most of the foodgrains has been increased by over 100% in the past 10 years, but it hardly benefited farmers in eastern and central India as majority there have not even heard of such procurement system. The situation is equally bad in other parts — except in states like Punjab, Haryana, Maharashtra and Western Uttar Pradesh — where farmers don't get adequate price on time and therefore they have to opt for distress selling route in open market. The studies have repeatedly averred that all the government schemes in agriculture sector mainly benefit "rich" farmers.

The importance of MSP cannot be ignored considering the pivotal role played by the same in increasing India's food production. It can continue to do the same in years to come. However, awareness of MSP is critical for the success of the programme. If the farmers are aware of the MSP of crops, they can bargain price and refuse to settle for less. Their ignorance would make it easy for middlemen and other traders to exploit the farmers by quoting less price. Also, by suitably introducing MSP for newer crops, the government can influence the decision of the farmers in selecting a particular crop. This can help to break away from monoculture and promote crop diversification in the country.

The government should therefore invest in creating awareness of the MSP regime among farmers. Building awareness is as crucial as the programme itself.

Israel – India’s Agriculture Ally

India and Israel inch closer towards agri cooperation

Agriculture has emerged as the strongest pillar in the India Israel diplomatic ties. The recent visit by the Israeli Prime Minister, Benjamin Netanyahu to India seems to have cemented this fact. Apart from the other sectors, agriculture seems to be a key segment where Israel is keen to make an impression in India and India is also too happy to have received the attention of Israel. Almost 25 years after the establishment of diplomatic relations, agricultural cooperation has undoubtedly emerged as the cornerstone of India-Israel ties.

Israel India cooperation in agriculture go as back as 2006 when the two countries signed the Agreement for Agricultural Cooperation. Titled Indo-Israel Agriculture Project (IIAP) and implemented by MIDH (Mission for Integrated Development of Horticulture) and MASHAV -Israel’s Agency for International Development Cooperation under the Ministry of Foreign Affairs, the programme is aimed at increasing crop diversity, productivity and resources use efficiency. To achieve the goals of the cooperation agreement, it was decided to establish “Agricultural Centers of Excellence” (CoE), funded by both the Federal Government NHM and by individual State Governments, that are also responsible to allocate land and professional manpower. A three-year joint programme (2018-20) has already commenced, under which the Centres of Excellence (COEs) are being set up across the country to train farmers about Israeli farm and water technologies. As many as 28 such centres are being set up under the programme.

The Centers of Excellence provide a suitable platform for a rapid transfer of technology to the farmers. Protected cultivation, drip irrigation and fertigation, canopy management, nursery production, Integrated Pest Management technologies are demonstrated at the centers and later adopted by the farmers to increase their yields and income. The Centers of Excellence target both small and large farm holders, thus offering a wide range of agricultural practices in order to enable all to benefit

from the new technologies.

During Mr. Netanyahu’s visit to India, both the prime ministers were upbeat about bringing in Israeli technology and expertise to India. India, already water-stressed, with annual per capita availability of water at less than 1,500 cubic meters (cu m), is facing a grim future with competing water demands from different sectors. So it comes as a relief when the Israeli PM shared the idea of revolutionising Indian farm sector with the use of Israeli water efficiency improving technology. In a joint statement issued after the meeting, India and Israel announced that “both sides are working together on a Five Year Joint Work Plan for strategic cooperation in agriculture and water”.

Water management is a key area where India can learn valuable lessons from Israel. A well-established leader in water management, desalination and recycling techniques, Israel has set a template for reusing wastewater for irrigation. It treats 80 per cent of its domestic waste water, which is recycled for agricultural use and constitutes nearly 50 per cent of the total water used for agriculture. Israel has per capita water availability of less than 200 cu m. It is an extremely water-scarce region, and yet exports high-value agri-produce to Europe and many other countries. So, if India has to learn about how to augment water supplies and how to use it more efficiently, there is no better guru than Israel.

India’s agricultural landscape is much wider and broader than Israel. With the world’s largest area under agriculture, India is currently under tremendous amount of pressure due to dwindling water resources. Israel, a water scarce country, has demonstrated that success in agriculture is not dependent on abundant water resources. Apart from technologies exploring the possibilities of water management, India can learn a lesson or two in the policy domain. As per Israel’s water law, all water in the country is common property resource. The government does accounting for every drop of water, ensuring good water governance. India should shun the populist approach and do away with high subsidies on water and power.