



Restructuring Policy and Public Investments to Address Agrarian Crisis

The national convention on rainfed agriculture was organised on 14th and 15th February 2019 at the India International Centre, New Delhi with an aim to take the dialogue on rainfed agriculture forward. The participants discussed their grassroots experiences and deliberated on policy priorities for rainfed agriculture to address agrarian crisis.

The objectives of the session “Future Forward - Markets and Institutions in Rainfed areas” was to (i) Highlight best practices in value chain-centric models in integrated rainfed production systems (ii) Defining the role of various institutions and stakeholders in ensuring equitable market environment for rain-fed farmers (iii) Exploring alternative paradigms to address ecosystem challenges.

India has the largest area under rain-fed agriculture in the world – 86 million hectares comprising 85% small and marginal farmers. About 61% of Indian farmers rely on rain-fed agriculture, covering 55% of the gross cropped area of the country. Rain-fed agriculture production systems are diverse and complex, yet highly susceptible to the vagaries of climate change. In the absence of irrigation, most rain-fed farmers can only take up crops in the Kharif season. Reduced yields and poor economies of scale result in lower profit margins compared to irrigated farmers. The market forces do not differentiate between rain-fed and irrigated produce and subsequently rain-fed farmers find it harder to compete in the market.

In India, 40% of paddy, 89% of millets, 73% of cotton, 69% of oilseeds and 88% of pulses are grown in rain-fed conditions and the bulk of these produce are procured by the Government through SFAC, NAFED and State level Marketing Federations. Public procurement has the dual objectives of food security and ensuring minimum support prices to the farmers. The efficiency, efficacy and fairness of this flow of produce from production centres to consumption centres are determined by the markets and institutions.

Public procurement has the dual objectives of food security and ensuring minimum support prices to the farmers. Ecosystem support through policy inputs plays a very important role in market regulations and ensuring an equitable market environment for rain-fed farmers. Innovative agriculture value chain financing products such as Warehouse Receipt Financing, Risk Guarantee Funds, etc. are needed along with patient philanthropic capital to support the infrastructure and working capital requirements of rain-fed farmers.

Integrated production systems involving food crops, horticulture, livestock and fisheries which have shown proven results in reducing risks and ensuring food security and income round the year, despite adoption of the system, volumes continue to be low. Strong farmer institutions such as Farmer Producer Organisations (FPOs) and efficient Farmer Interest Groups (FIGs) have the potential to improve economies of scale and farmer profitability through collective marketing, value chain development and setting up collective infrastructure. Poor access to markets in rain-fed areas can also be addressed through modernisation of rural haats and proper implementation of e-mandis.

In this context, the thematic session – ‘Future Forward: Markets and Institutions in Rain-fed Areas’ in the RRAN Convention highlighted best practices and facilitated deliberations on important challenges through presentations, case studies and panel discussions. Revitalizing Rain-fed Agriculture Network (RRAN) and its members in collaboration with several state governments have demonstrated that comprehensive investment supported by appropriate policy framework can bring significant changes in rain-fed areas. The session accommodated varied expertise, multiple experiences and alternative views to address ecosystem challenges of market access in rain-fed areas. The discussion was focused on identifying pathways and institutional mechanisms that can help enhance marketability of farm produce through FPOs. The topics covered different value chain, institutional formats, market models, market structures, innovative financial instruments, pricing and capital formation.

The convention was attended by 300 participants including - farmers, policy makers, researchers, academicians and civil society practitioners.