

WHAT IS IMPORTANT: AGRICULTURE OR MARKET?

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The farmers in India are on agitation for months. This agitation is going on because of the differences in the understanding of the government and the farmer groups opposing the recently enacted legislations on agriculture marketing reforms. The government is claiming that the new laws will definitely benefit farmers by promoting market in the agriculture sector and farmers. It is stated that farmers will gain by having opportunities and access national as well as international markets. However, farmer groups agitating on the roads are not convinced with this argument. According to them, the changes proposed by government have not emerged from the farm sector itself and this restructuring process is being imposed under the pressure of private companies working with the sole motive to earn more and more profit at the national as well as international level. Therefore, there is an urgent need to relook over the whole crisis so that this tussle comes to an acceptable conclusion that is in the wider interest of the economy and society in general and the agricultural sector in particular.

At the outset, it needs to be clearly re-emphasized that Indian Economy is still an agriculture based economy. Of course, the relative share of agriculture sector has declined in the Gross Domestic Product (GDP) of the country. As of now, it has been reduced to approximately 14% from 55% at the time of independence. However, there is no significant decline in the employment dependency on agriculture sector. Directly or indirectly about two third of the population is still earning its livelihood from the agricultural sector, agro-based or other allied activities. Therefore, any change in the policy of this sector is likely to have a direct impact on this vast population. So, it would be desirable, to have a re-think of the ideas in the larger interest of the population as well as economy.

This market oriented approach started in late 1980s in the world and India worked on the in the early 1990s in the form of New Economic Policy of 1991. It is evident from the experience of so called 'reform process' that hardly any competition or market could be promoted in the respective sectors. More or less, public sector monopolies have been replaced by situations of private sector monopoly or near monopoly. Of course, in some sectors, the consumers have been benefited by lower price and access to service, but that is mainly due to technological innovations and declining average cost.

Otherwise, why the same 'model' of so-called market has failed in electricity sector while it has worked relatively better in communication sector? Above all, the market gains are dependent on negotiation or bargaining power. As per government data, the majority of the farmers are small and marginal farmers. Obviously, given their socio-economic conditions, they are not in a position to negotiate with the giant market players and are likely to lose in this game of uncertainty of market. We should also teach from the world-wide experiences especially the ones that occurred due to market fluctuations and slow-down from time to time. The farm sector in India remained almost unaffected during these slowdowns because of protective agricultural and food policy. Therefore, we need to have a re-examination over the whole issues in the interest of economy as well as population.