Covid crisis has shown India’s food policy must have buffer stocks at community level too

Easing of lockdown restrictions to revive Indian economy may suggest end of Covid-19 ordeal for agriculture. But gaps in food value chains show fight is far from over.

Accustomed to healthy demand, India’s vegetable and fruit growers were in for a rude shock when the coronavirus pandemic hit. Since these commodities diversify farms and boost nutrition, there is a need for creating multiple market avenues, including e-platforms and links with processors, to minimise risk and prevent a glut that can crash prices once the lockdown is lifted.

Following the Union government’s recommendations, many states temporarily suspended the Agricultural Produce Marketing Committee (APMC) Act and let farmers sell farm produce anywhere. This is an opportunity to develop consensus across states to reform agricultural marketing and minimise restrictions on movement and sale of agricultural commodities. Also, agro-processing enterprises should be allowed to buy produce directly from farmers and back-linkages to farms must be encouraged.

Taking the initiative, the Madhya Pradesh government modified the MP Krishi Upaj Mandi Act. Other states should follow suit. Even under reformed agri markets, farmers need price information. A central project can help create a dashboard, like indices displayed by stock exchanges, to inform everyday prices of major agriculture commodities from major markets.

If needed, governments could engage professional private warehousing companies to procure farm produce. SMS-based pre-registration systems have been used to regulate the arrival and manage logistics for agri-produce in Madhya Pradesh. Such innovations can be deployed in all states.

Previously, the NITI Aayog recommended a differential price payment scheme for crops, which Madhya Pradesh implemented as Bhavantar Bhugtan Yojana. Using the scheme will avoid panic selling when the markets become operational and assure farmers reasonable returns. Read more.