COMMERCIAL AGRICULTURE IN INDIA

POST HARVEST NEEDS OF SMALLHOLDER FARMERS

DR K G KARMAKAR

DR G D BANDOPADHYAY

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Commercial Agriculture in India: Post-harvest Needs of Small-holder Farmers

Written by

Dr. K G Karmakar

S. P. Jain Institute of Management & Research, India

and

Dr. G D Bandopadhyay

Vivekanand Education Soceity's Institute of Management Studies and Research, India

Horizon Research Publishing, USA

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Authors: Dr. K G Karmakar and Dr. G D Bandopadhyay

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Preface

With 56 per cent farmers in India depending on favorable monsoons for good crops and not having access to assured irrigation sources, all crops are a gamble and in a production cycle of 5 years, it is assumed that farmers will have two good crop-years, one bad crop-year and two average-crop years and that an average farmer should be able to repay agri-credit dues. With 55 per cent of the country's work-force engaged in agriculture (largely under-employed except during planting and harvesting seasons), the economy is heavily dependent on the primary agricultural sector. With 82 per cent of the farmers being smallholder farmers (average size of land-holding less than 2 hectares), there is a basic fight for survival as they rarely have access to quality inputs, irrigation, credit, agri-marketing infrastructure, insurance and 80 per cent risks are at the production stages while 20 per cent risks are at the marketing stages. With fake seeds, fake fertilisers and fake pesticides flooding the market, the smallholder farmer fights a losing battle for survival with climate changes, cloudbursts and droughts and non-availability of cheap credit and global warming. The smallholder farmer has little access to subsidised credit (@4% for prompt repayment) no access to long-term credit or to equity options and is often at the mercy of money-lenders and agents who manage to siphon off 80% of the profits while the farmer with all risks and back-breaking labor, barely manages to have 20 per cent of the profits. With increasing land salinity, land-fragmentation, loss of ground-water, rising cost of inputs, it is indeed a harsh life for the farmers in India.

The only way out of increasing pauperisation of the farmers, is de-risking strategies and commercial agriculture with emphasis on fisheries, animal husbandry, vegetable cultivation and horticulture. But commercial agriculture involves high-value infrastructure and inputs such as cheap poly-houses, drip irrigation, cheap credit, market access, quality seeds and inputs, reliable transportation and much-improved storage facilities (ware-houses, cold-storages, reefer vans, etc.) which smallholder farmers are unable to afford and hence for all their risks and back-breaking labor, the farmer is unable to break even and is unable to meet the requirements of his family. On his frail shoulders rest the hopes for sustainable farming, crop diversity and food security for the entire country!

New Technologies which help to reduce costs and risks, better access to storages, fair spot markets, commodity exchanges where farmer producer organisations co-exist with traders, cheap credit are all essential for commercialising agriculture. Diversification into fruits and vegetable crop production requires a change in mind-sets, skills, knowledge and practises and even more exposure to risks besides costlier inputs and sufficient credit resources.

For all the production risks, weather risks, market risks the farmer's margins are very thin as the traders' margins are ever-increasing with hardly any risk! This only ensures leaner and starving farmers and their families and fatter agents, adthiyas, money-lenders and traders!

With chemical fertilisers poisoning the soils and groundwater (the tragedy of Punjab) there is need to go in for rain-water harvesting, watershed development and intensive drip irrigation so as to conserve scarce water resources. Agricultural extension services and organic farming practices are like fairy-tales today. Without proper post-harvest facilities, farmers will find it very difficult to enhance their profit margins.

The State APMC Acts and Essential Commodities Act and a host of outmoded Acts need to be consigned into oblivion as soon as is feasible as these have outlived their utility value. More efficient and modern warehouses, cold storages and private mandis are all essential today. For the smallholder farmer, diversification into animal husbandry and fisheries in ponds is an essential need and not an option so as to diversify risks. More Farmer Associations, Farmer Producer Groups and Joint Liability Groups are needed today to offset the pernicious strangle-hold of traders and agents and ensure better margins for themselves. Capital Investment for enhancing land productivity, building up the assets base and diversifying from subsistence farming into commercial farming, is essential if the smallholder farmer is to survive. Climate changes and global warming due to heavy carbon and methane emissions have reduced farm yields and productivity.

This book is divided into two parts; the first part containing 13 chapters which study the problems of warehouses in great depth in Andhra Pradesh, Gujarat, Karnataka, Haryana and Odisha. Extensive field studies were conducted and both the strong points and weaknesses were studied so that replication in these states and other states would be able to benefit. The need for smaller warehouses for agricultural produce exclusively and the need to popularise warehouse receipts with the help of banks was acutely felt. Inspite of generous central subsidies, the scheme to create agricultural warehouses did not pick up and whether incentives were not adequate or the processes and procedures were too cumbersome, need further study at the grass-roots level. The next five chapters study the Agricultural Marketing scenario in great depth and the APMC Acts appear to have created massive hurdles for the smallholder farmers. These Acts are being done away with and the e-National Agricultural Marketing Portal should be able to help farmers secure better prices. However the market infrastructure in all states need massive funds infusion and creation of better transportation and logistics networks before these can be utilised by smallholder farmers to secure better margins.

With all these plethora of problems, sustainable farming for smallholder farmers is easily forgotten and in the mad struggle for survival by smallholder farmers and their families the goal of food security is often forgotten. The smallholder farmers need a helping hand by creating more agri-market infrastructure and small warehouses so as to be able to store food grains for some time so as to get better prices after 2-3 months when prices are not likely to be depressed. Also Warehouse Receipts need to be encouraged by registered warehouses and banks so that the farmer is able to get better margins. Finally, the smallholder farmers need a helping hand by creation of better agri-market infrastructure and institutional assistance as and when required.

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