

## AGRICULTURE

# Agri reforms, food inflation key challenges

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As a new government takes office in New Delhi, the biggest challenge it will face in the food and agriculture sector is managing food inflation, which has worsened due to supply-side pressures in 2023.

Rural distress, manifested by a decline in job prospects and slow growth in the non-farm sector, is also a major challenge to be addressed.

On a positive note, the southwest monsoon in 2024 is projected to be good and very well distributed. The second-stage forecast by the meteorological department suggests that rainfed areas of the country might receive copious 'above normal' rains. A good southwest monsoon over the critical rainfed regions of the country, spanning across states including Madhya Pradesh, Rajasthan, Maharashtra, Odisha, Chhattisgarh, Uttar Pradesh, and West Bengal, should bode well for the country's pulses and oilseeds crops.

Increased production of pulses, oilseeds, and cereals will help boost domestic supplies and contribute to keeping inflation low in the coming months.

Additionally, a good monsoon will help in filling up reservoirs and leaving adequate residual moisture in the soil for the following rabi harvest.

In 2023-24, the gross value added for agriculture and allied activities grew at a rate of 1.4 per cent, the lowest since 2018-19 due to 'below normal' rains in 2023, which impacted the output of several key crops.

Several experts believe that despite a poor monsoon, the positive growth rate reflects the

resilience of the farm sector.

The drop in food production has pushed up food inflation. To control this, the central government has announced measures including curbing rice exports and allowing the free import of pulses and oilseeds until at least March 2025.

Additionally, exports of onion and deoiled cakes of some oilseeds have been stopped. The government needs to reverse some of these decisions promptly to ensure that farmers receive fair prices for their produce.

Low farm gate prices, according to some experts, have been responsible for the ruling Bharatiya Janata Party's defeat in several major rural constituencies in the states of Maharashtra, Uttar Pradesh, and Bihar.

On the policy front, the next government will need to focus on continuing the reform momentum in agriculture, which somewhat got lost after the withdrawal of three farm Bills in early 2021. The reform agenda should aim to make the lives of Indian farmers easier by ensuring quicker approvals without compromising on quality.

Sources indicate that a blueprint for these reforms is in the works as part of the 100-day agenda of Modi 3.0. In the case of fertilisers, ways to administer the subsidy more effectively and more ways to cut down on leakages and diversions to build on the success of neem-coated urea are being thought of.

In the case of seeds and plant chemicals, sources said lots of reforms are urgently needed as the regulatory and approval process in India takes a long time involving multiple layers.

They said the government could look at creating a favourable policy environment for the agrochemical sector that would facilitate an increase in agrochemical exports, position India as an attractive destination for foreign investments, and safeguard the interests of small and regional players operating in the industry.