

## **Subject II**

### **Doubling Farmer's Income from Demand Perspective**

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Domestic consumption is growing in most segments and has capability to absorb the farm output provided market is appropriately linked. One can naturally expect that the rising food demand will be accompanied by increasing demand for its safety and quality owing to rising health consciousness of the masses. Thus, the main challenge is developing technology including varieties and breeds that are not only high-yielding but also safe to human health. For a billion plus population, domestic demand led agriculture growth ought to be the key for raising farmers' income provided agriculture supply moves in consonance with the changing demand. It is useful to seek policies that can influence demand and raise farm incomes faster. The target of doubling farmers' income requires reforms such that, every grain produced must find gainful-end-use. In addition, the ongoing efforts on various resource use optimisation, productivity enhancement and reforming markets will need to be ramped up making the growth in farmers' income a real and achievable story.

In this context, papers were invited to flag issues related to doubling farmers' income from the perspective of changing nature of demand for agricultural commodities and how the agriculture sector accommodates such changes. A total number of 26 papers were received. All papers considered under this theme can be grouped into three sub-themes. Analysing the various aspects of demand side, the first sub-theme is titled as demand-led agriculture growth that can result in enhanced farmers' income. The second sub-theme summarises doubling farmers' income either by increase in productivity or reduction in cost. Under the third sub-theme, various subjects like farm, non-farm and off farm activities; commodity value chains; income and employment; and agriculture and industry linkages were focused. The major findings and broad conclusions of papers under doubling farmers' income from demand perspective are the following:

#### MAJOR FINDINGS

- Per capita income of urban population is expected to rise more than the national average in the near future which will raise their demand for consumption of high value crops and allied products like vegetables, milk, eggs, chicken and meat.

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Demand for high value commodities will also rise due to change in tastes and dietary habits. In order to avail the opportunity of rising demand, the smallholder farmers need to diversify their agriculture into high value crops and other demand driven products. Such an opportunity needs to be utilised using appropriate strategies to achieve the desired goal of doubling farmers' income.

- Demand for processed foods is set to grow every year as urbanisation picks up pace and food processing sector has to tap this potential which will largely benefit the farmer as a producer of raw material. The challenge is to ensure that these drivers of growth are associated with the creation of more decent jobs that are accessible to youth, women and social groups across the country, particularly in rural areas.
- There is need for diverse marketing outlets for farmers for providing them appropriate price of their produce. Channels, like direct purchase, contract farming, farmer consumer market yards, private wholesale market and APMC need regulation and promotion. Creation of value either through new products or product differentiation can help tap new market segments and get a higher price for the farmers' produce.
- Collective bargaining through FPOs, mechanisation of farm activities, use of recommended seeds, bio fertilisers and bio-pesticides are the major cost reducing strategies. Crop diversification, value addition, marketing of produce through farmer groups, use of high yielding varieties and adoption of integrated farming system are the major income enhancing strategies.
- Introduction of pollinisers and pollination management for yield and quality gains, re-engineering cold storage and supply chain management and creation of infrastructure for processing fruits for value chain are critical for ensuring equitable returns to farmers. Besides well-designed harvesting tools can help reducing post-harvest losses and raise benefit cost ratio which is important for doubling farmers' income.
- To reduce pressure on land, non-agricultural sector must be strengthened in addition to improving agricultural productivity. The income from non-farm and wages can be increased through imparting skill development trainings, linkages, capacity building and farming user groups or self-help groups (SHGs). Non-farm activities that involve technological innovation to be designed for higher productivity of land and labour.
- The income from cultivation can be enhanced through crop diversification, improved crop management practices, adoption of timber/fruit-based agroforestry systems, rain water harvesting and use of micro/ pressured irrigation methods. The animal productivity can be enhanced by selection of improved breeds, livestock diversification and providing balanced nutrition.
- Zero Budget Natural Farming (NF) technique trains farmers to manage through domestic inputs reducing their dependence on market resources. Natural Farming

may not look as yield enhancing farming practices, but definitely increases farmers' income through cost reduction and enhances long-term sustainability.

- There is a need to develop new policies on the marketing and processing of tribal products to raise producers' share in consumer rupee for doubling farmers income in tribal areas. Cultivation of medicinal crop like ashwagandha may not only uplift the socio-economic condition of the farmers but also can open new avenue for agri-entrepreneurship through processing of such products for export market.
- Create employment avenues for smallholders outside agriculture that provide credit, training and necessary inputs to rural households and public investment in rural infrastructure, such as roads and bridges, telecommunications, education, energy and water.
- Livelihood diversity could address production constraints of income growth in sugarcane-based farming systems in case of crop failures and builds investment capacity through farm and nonfarm activities integration which provides growth and stability in farmers' income. Integrated farm management system is helpful not only increasing income of the farmers but also providing opportunities for raising productivity and reducing their cost of production.
- It is pertinent to move from "Agriculture" to "Agri-business" mindset, i.e., how value addition on farm produce can generate rural employment and significantly improve farmers' income. Value addition in floriculture provides avenues for increasing farmers' income in line with the rising demand in this particular area.

#### MAJOR SUGGESTIONS

1. To capitalise growing demand for high-value commodities in the urban sector create better urban infrastructure for the food industry to facilitate farmers' access to these markets.
2. Make value chain mapping-based interventions to address market failures. Upgrade rural haats and join them with e-NAM.
3. To strengthen the bargaining power of small farmers and the aggregators like FPO/Companies and co-operatives should play the role of intermediaries for ensuring remunerative prices to smallholders.
4. Cluster-based milk collection centres and infrastructure development like cold storage and quality control facility should be improved.
5. Good agricultural marketing practices; group marketing and group contracts need to be promoted to reduce information asymmetry between firm and growers and to reduce the transaction costs of dealing with small growers.
6. For better bargaining power to growers involve PACS in procurement under MSP. This already prevails in the states like Madhya Pradesh, Bihar and Uttar Pradesh.

7. Natural Farming/zero budget farming through reduction in cost of cultivation and with better product price leads to better profitability. Generate scientific evidences for different combinations of ZBNF practices under different agro-ecological conditions and for different crop combinations. NF products may be given separate identity as non-chemical products, so as to fetch premium price on the line of organic products.