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**SUMMARIES OF GROUP DISCUSSION**

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**Subject I**

**Institutions for Agricultural Development**

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I

The role of the institutions in improving the development of agriculture has been one of the subjects for discussion in the Eightieth Conference of the Indian Society of Agricultural Economics. The deliberation on the institution for agricultural development started with the keynote paper of Suresh Pal. He argues that an established property right and their ease of enforcement help reduce transaction costs and promote contractual transactions. The neo-classical economics stress on setting prices right is often inadequate without right kind of institution where property right is defined and enforced so that transaction cost of regulation of contract is low. This would promote efficiency. Therefore much of the future work should focus on reducing the information and transaction cost. Similarly in government programmes, governance of the principal and agent model has to improve to balance the role of the state and its partnership with private and civil society organisations.

In addition to the above keynote paper, there were 31 papers in the session on institutions for development, many of these were presented during the deliberations of the conference. These contributions broadly provide evidence of the benefits of an institution by reducing the transaction cost of farmers. It also highlights the merits of secure property rights for cultivable land, the importance of micro-level institutions for equitable distribution of resources, and incentives that favour a cooperative solution. The important findings and suggestions from these presentations and papers in different aspects of agricultural development are aggregated below in sub-heads.

II

COMMON POOL RESOURCES INCLUDING WATER

Some studies indicate that the presence of micro-level institutions (MLI) like water users' association (WUA) and *Pani Panchayat* improve the equitable distribution of water. In the absence of WUA, and similar specialised institutions at the micro-level, the panchayat raj institution (PRI) has played a significant role in the distribution of surface water in the village. The PRI at village levels has performed some responsibilities of the canal irrigation department.

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The session suggests that the PRI should take control of common-pool resource (CPR) of villages like groundwater, which are in the “grey” and “black” status of the groundwater. The PRI should go beyond the earlier rule that provides the right of groundwater use to its landowners.

The PRI should ensure that the price for water should be as per its scarcity in the village/block/district. The private water extracting machines or submersible technology must not be allowed in the stressed villages, with the “grey” or “black” status of groundwater.

In relatively less stressed villages identified with the grey status of groundwater, only the community irrigation system (CIS) may be allowed. These villages (stressed) must have sufficient recharge pits. The groundwater resources of most of the villages should be augmented with recharge pits of individuals or communities. This is more in the case of the stressed villages.

The PRI may take the help of the MGNREGA for an initiative like CIS, recharge pits. The quality assets are now possible in MGNREGA with its convergence with other rural development programmes. Incidentally, around 50 percent of MGNREGA expenditures are for the augmentation of natural resources.

### III

#### AGRICULTURE INPUTS: LAND, SEED, AND CREDIT

The land is an important factor of production and the kind of arrangement for use of land in agriculture (security of land tenure) has a positive effect on production and productivity in agriculture. It often belies tenant farmers, and they face disadvantages in factor and product market in agriculture. The security of tenure rights has also been found to check encroachment of land in certain regions of the country. The findings thus support the NITI Aayog’s Model Land Lease Act 2016 that promote tenancy, provide security right and encourage the land market.

The state act like Andhra Pradesh Crop Cultivators Bill 2019 appears a follow up of model land lease act. However, one of the contributions argues that the security right of the tenant in the bill without the rent control has not been very encouraging. The session, therefore, argues for a suggestive prescription that cash rent for the cultivation of land must not exceed a certain (10) percent of the value of products. Such prescription must be a part of the Act related to the lease of land.

One of the studies found that in public institution-produced seed, the timely availability of the seed rather than price has been a constraint in many regions of the country. The session opines that private delivery of public seeds must be attempted in such a situation. This remains true for all agricultural inputs, which are produced in public institutions and availability has been a constraint.

A few studies reemphasise that institutional credit has a positive effect on farm investment, and subsequently on return to investment in agriculture. The availability of institutional credit has been a problem for asset-less farmers with inadequate security rights for agricultural land.

Some presentations highlight the self-help-group (SHG) and joint liability group (JLG) linked bank for (institutional) credit of asset-less farmers. The deliberations in the session, suggest that more functional SHGs and JLGs with their linkage with the bank may emerge throughout the country.

#### IV

##### AGRICULTURE OUTPUT MARKETS

Numerous papers in the session report that direct marketing of products is more profitable than other market channels for farmers. Insufficient market and post-harvest infrastructures have however been a constraint for direct marketing of produce. The post-harvest infrastructure is more important for high-value crops. A few contributions also argue to check malpractices of market functionaries.

In Haryana and similar states, the Agriculture Produce Market Committee (APMC) Act, has been considered an important barrier for post-harvest operations. It prohibits purchase outside the APMC (regulated) market and also constrains contract farming in agriculture. One of the authors argues that even though contract farming was allowed as per Section 43 of APMC Act 2018 and 2006, it could not happen in a significant way in many states in absence of a suitable (private) market for the concerned parties. The contracted parties have to go through the APMC (regulated) market for exchange and pay charges as per the APMC (regulated) market.

It was also pointed that Madhya Pradesh (MP) was almost the first state to amend APMC to allow a single license yard outside the APMC market. The E-choupal (in soyabean) has emerged subsequently. Many states including MP have provided different kinds of incentives to encourage the post-harvest infrastructure in the region.

The above examples suggest that private participation in the post-harvest infrastructure requires reform in APMC Act. This also warrants certainty in the business environment for market functionaries, and in this context, the amendment of the Essential Commodities Act as in the Essential Commodities (Amendment) Act, of 2020 is the desired step.

Again contract farming is very important in a country dominated by smallholders and plagued with rural stagnation. Accordingly, the Union government has enacted Farmers Empowerment and Protection Agreement on Price Assurance and Farm Services Act, 2020. The session on the institution for development provides a positive response on all the three farm laws (Farmers Produce Trade and Commerce (Promotion and Facilitation) Act, Farmers Produce Trade and Commerce (Promotion and Facilitation) Act, and the Essential Commodities (Amendment) Act, enacted in 2020.

There was also a suggestion for the creation of a “National Agri-value System Platform” (NAVPS) as a public-private platform (PPP) at the national level. The NAVPS is supposed to trigger single or multi-commodity agri-value chains at district levels.

Some studies found that farmers' profitability is more in semi-processing the commodity (turmeric) that they produce, but there is a shortage of suitable instruments for processing it in the region. In this context, there is also an example of an agricultural university addressing the commodity-specific (custard apple) problem of growers of a region (Udaipur). The session, therefore, suggests the region-level assessment of problems and solutions thereof, by the agricultural university of the region. The regional agricultural universities can also provide different kinds of advisories to farmers of the region, which may include assessment of demand and supply of commodities.

One of the studies found that the tag of Organic has increased farmers' profitability for a crop. Therefore the organisations delegated for the purpose should assertively identify the scope of such tag, method of production of such commodity, educate farmers of possible benefits, and continuity of same (tag) in the region. The organisation should follow with the concerned stakeholders to have a better price (gain) for farmers. The advisories may require a fee from farmers and similar stakeholders.

## v

## TECHNOLOGY, EXTENSION, INNOVATION, AND STARTUPS

The deliberations in the session highlight the new method of extension with digitalisation. The Kisan Call Centre (KCC) is an example. As compared to the traditional method of extension, the KCC is not only cheap it has also a long reach. Though digital literacy becomes important for such innovation, the KCC kind of arrangement should be encouraged.

The digital platform presents an online market for farmers and different kinds of buyers in some places. With digitalisation flow of knowledge has become cheap and easy, and its subsequent mix with technology has resulted in startups. The startup has emerged as the new tool for the improvement of the life of persons involved (in the startup).

Several governments and non-government organisations have been supporting startups. The extent of support varies as per the stages (pre-seed, seed, and early stages of growth) of startups. Most of the state governments (Andhra Pradesh) have encouraged startups with incubators and some of them with gracious grants. The government has also initiated Agribusiness Incubation Centers to support a cohort of start-ups in the pre-seed and seed stages. These startups range to different aspects of rural life.

The spatial distribution of startups has been highly skewed. The states of Karnataka and Maharashtra together account for around half of total agri-startups in the country. It is also concentrated in cities like Bangalore, Delhi, Mumbai, Hyderabad, Chennai, Pune, Kolkata. The second and third-tier cities are largely excluded.

To address the distribution-related problem of the startup, the government should focus on agri-tech focused incubators, grants, mentors, along with the pronounced policy and schemes. Banks and financial organisations should come with more creative models of financing for farmers, entrepreneurs, incubators, and accelerators.

There is also the trend of inter-personal exclusions in the startup. These exclusions are not necessarily on the size of farmers, the exclusion depends on the digital literacy of farmers, their surroundings, and similar other factors.

## VI

### COLLECTIVES AND THEIR INTERACTION WITH ORGANISATIONS

Considering the size of agricultural holdings in India, some kinds of collectives of farmers are important. There have been examples of different kinds of collectives (farmers' groups) and also the success of some of such collectives. The interaction of these collectives (farmers group) with government and non-government institutions, and corporate has improved farmers' livelihood. It is also reported to have decreased consumers' woe by addressing the supply disruption of agricultural produce in specific regions of the country.

The collectives' interaction with civil society organisations (CSOs), corporations has also addressed the problem of rural stagnation. The mandatory corporate social responsibility of the Companies Act (1956 and 2013) has been helpful. The skewed distribution of corporate is one of the possible reasons for many synergistic cases of (farmers') collectives with corporate throughout the country. The session felt that differences in the city and village life have to reduce for a decrease of rural stagnation in a large part of the country.

Considering the importance of collectives in farmers' development, the Union Government has enacted the Farmer Producer Company (FPC) to have the goodness of both cooperatives and companies. The FPC in addition to reducing transaction costs has also been instrumental in the timely availability of quality seeds, fertilisers, and chemicals. It has also addressed the governance aspect of agri-input (quality of pesticides) supply.

The FPCs have also been providing farm advisory (extension) and custom hiring services, besides helping farmers to realise the better price of their produce. Despite such benefits, the spatial distribution of FPCs has been a problem.

A few studies suggest the over-reliance of FPCs on government funds. Their inability to access external funds, and over-caution in investing paid-up capital has led to a low volume of business in the case studies of FPCs. The session therefore suggests that clinical advisory services should be a part of the institutional funding of FPC, so that the FPC should not come to the fate of the co-operative kind of movement in India.