Boosting Corporate Farming Ventures

What is the issue?

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- Despite serious attempts, improving farm productivity on a large scale and addressing farmer distress remains challenging.
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- Evolving alternative models to overcome challenges is needed.
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What could be an alternative solution?

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- Major reasons for low farm output are low land unit sizes, high dependence on rain and farmer poverty, which hinders the procurement of quality input.
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- The farm-to-market linkage, cold storages and pricing mechanisms also provide for an unsustainable trading environment.
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- **The proposed solution -** Leasing land from a group of farmers by giving them double the money they earn annually can be considered.
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- Then expert firms can be contracted to produce and market output that meets high quality standards by using the best of inputs and technologies.
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- If 1000 such ventures gets created across the country, the expertise generated will gradually spread across the farming community.
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- While expertise and investments can resolve most issues, the holistic success will also require export of identified high-potential products.
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- **Securing Leases -** The ministry of agriculture in consultation with states,

will have to identify contiguous pieces of land, of at least 500 sq km each.
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- These plots earmarked henceforth as “Agriculture Development Regions” (ADRs), can then become a “centre-state collaboration” production zone.
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- The state government could take up the task of building farmer consensus for the ADR project, and it would be ideal to secure leases to the tune of 10 years.
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- Concurrently, the farmer income projection over the period needs to be assessed and a considerably higher amount could be paid in instalments.
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- Notably, ownership right over land will remain with the farmers throughout.
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- **Private Collaboration -** Corporate farming ventures (CFVs) can then be invited to work on the ADRs, and modalities of the contract may vary.
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- The objective would be to ensure a “zero financial burden” on the governments and CFVs can also be subjected to an employment clause for the locals.
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Why “Corporate farming ventures” CFVs?

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- Due to lack of funds, most states are constrained to reach out to farmers to the desired extent, which calls for fresh corporate farming investments.
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- This would bring in the needed best technologies and help create infrastructure and also aid the percolation of best practices to the masses.
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- **Proven Record -** Notably, CFVs have already made their foray into agriculture through engagements with lakhs of farmers across the country.
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- Significantly, PepsiCo operates in nine states and has a proven profitability.
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- Other ventures include, Hindustan Lever, Rallis, and ICICI jointly in Madhya Pradesh, Amul and NDDB in Gujarat, and Suguna in Tamil Nadu.
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- CFVs have also reported higher yields in multiple crops - wheat, rice, sugar, cotton, potato, tomato, groundnut, safflower, marigold, poultry and milk.
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- Also, much of India's agri-exports currently originate from the CFVs as they better understand international quality demands and supply-chains.
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- Cultivation cost reduction to the tune of 25 to 30% due to the use of laser land levellers, and precision seeders has also been reported.
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- **Technology -** For perishables goods like fruits and vegetables, this means transportation in refrigerated vans after pre-cooling of produce.
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- Application of nano-technology for real-time monitoring of soil quality and precision input delivery techniques are also important technologies.
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- Government can even consider tax breaks for CFVs and work out arrangements by which regular farmers also get access to CFV facilities.
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What could be the products in focus?

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- **1st category –** This basket could cover those that India imports in high value, the significant ones being edible oil ($10.9 billion) and pulses ($4.2 billion).
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- Notably, India does have the necessary agro-climatic conditions to be self-sufficient in these products.
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- **2nd Category - This** includes fruits and vegetables, where we are already the second largest producers globally.
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- A CFV-driven approach will surely increase the production and export of high-quality products many times from the current standing.
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- Over horticulture exports are predominant in - grapes, banana, oranges, watermelon, papaya, pomegranate, tamarind, cut flowers and isabgol husk.
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- **3rd Category –** This would encompass all processed agriculture and dairy products, which can operate in combination with other categories too.
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- This will require setting up big processing units near the farms.
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What is the way ahead?

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- Hundreds of CFVs are already successful in India, but in isolated pockets.
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- The proposed model merely suggests mainstreaming their existence and using their expertise on a large scale with the help of the Government.
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- The potential of farmers who are participating with CFVs could also be harnessed by other collaborative farm and non-farm agri-activities.
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- All these will enhance farmer earning and also plug the gaps in the system where CFVs can't operate.
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