



## Falling Agri-Prices

### What is the issue?

\n\n

\n

- Despite bumper harvests the agrarian prices are falling, this is aggravating agrarian distress.

\n

- It is a pointer to institutional failure in addressing farmers' issues.

\n

\n\n

### What are the reasons behind falling prices?

\n\n

\n

- The impact of demonetisation has disrupted the supply chains and contributed to traders not holding stocks at their normal levels.

\n

- The surge in imports of pulses and oilseeds, which only added to a bumper crop last year, aggravated the supply glut.

\n

- Sluggish global prices of soyabean and maize contributed to domestic prices falling well below MSP.

\n

- Export curbs on pulses, lifted recently (besides stocking limits) made matters worse.

\n

- Due to absence of higher public investment in the rural economy Support prices, price deficiency payments and higher credit are not working.

\n

\n\n

### Why higher outputs are not favourable to farmers?

\n\n

- \n
- It is significant that higher output has generally had no role to play in the case of Kharif crops this season.
- \n
- Kharif foodgrain output in 2016 was 138 million tonnes, it is estimated at 134 million tonnes this time.
- \n
- Kharif oilseeds output is estimated at 20.6 million tonnes this year, against 22.4 million tonnes in 2016.
- \n
- The effects of export curbs and higher imports to control consumer inflation in pulses in early and mid-2016, are being felt by farmers now.
- \n

\n\n

### **What needs to be done?**

\n\n

- \n
- The Government should make sustained efforts to raise output, by providing price incentives, extension services and technology.
- \n
- Public investment for developing a diverse food processing ability and marketing infrastructure is needed.
- \n
- Centre and States should take steps to honour support prices by stepping up procurement.
- \n
- Implementing the Pradhan Mantri Fasal Bima Yojana in the eastern region where the excess rain is likely to impact the standing paddy crop will somewhat address the issues.
- \n
- The focus must be on improving output and yields should be accompanied by reliable price discovery.
- \n

\n\n

\n\n

**Source: Business Line**

\n



# IAS PARLIAMENT

*Information is Empowering*

A Shankar IAS Academy Initiative