



# IAS PARLIAMENT

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## Will Agri-Biz model benefit Farm sector?

### What is the issue?

Most agri-tech firms focus only on supply chains and market linkages and fails to acknowledge the sustainability standpoint

### What are Agri-tech companies?

- Agri-tech companies involve use of technology for farming that is developed to improve efficiency and profitability.
- Activities such as providing agricultural inputs and direct procurement from farm gates are monetised by such firms to achieve growth and scale to new markets.

### What is the state of agribusiness-led development in India?

- More than 600 agri-tech start-ups exist today.
- Pandemic induced lockdowns have further increased farmers dependence on these agri-tech firms

### How these firms transform Indian Agriculture?

- Majority of the emerging agri-tech firms have concentrated on agricultural supply chains leaving behind day-to-day cropping operations and ensuring the sustainability of farming.
- Recent report on the digitalisation of agriculture has argued that such technological changes brought about in agriculture are going to shore up environmental problems rather than solve them.
- It might lead to a “data grab” in addition to the ongoing land grab.
- Despite this, the Indian government is actively promoting techno-entrepreneurial development in agriculture.
- Agriculture ministry has released a draft framework called India Digital Ecosystem of Agriculture (IDEA) for promoting the digitalisation of Indian agriculture.
- It claims that digitalisation is important for elevating Indian agriculture to “higher levels of efficiency and productivity.

### Why India promotes digitalisation despite ecological consequences?

- Agricultural development is seen in terms of developments in other sectors such as telecommunication and space.

- Natural farming seems antithetical to science and progress for some in the agricultural bureaucracy.
- Agricultural economists are worried about the incomplete liberalisation of Indian agriculture that started during the 1990s.
- They view that Indian agriculture is inefficient and in order to bring about greater efficiency, we need
  1. greater private sector participation,
  2. export-oriented growth,
  3. advancement in science-led digital technology,
  4. liberalised output market,
  5. active land lease market etc

## Will it work?

- Free markets do not work in agriculture for several reasons.
- Global agricultural markets are highly skewed as a result of hugely subsidised agriculture in developed countries of the global North.
- Technology-led developments in the past have led to the emergence of environmental problems we face today such as soil degradation, depletion of groundwater, and increasing frequency of pest attacks.

## Reference

1. <https://www.thehindubusinessline.com/opinion/columns/will-agri-biz-model-benefit-farm-sector/article38031046.ece>



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