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The APMC Conundrum

Rolling back this reform will encourage vested interests to strike down all reform

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To appreciate the value of the recent reform of agricultural marketing, it is important to first understand how the system has functioned for many decades. Under the Agricultural Produce Marketing Committee (APMC) Act, each state divides its entire area into several market areas with each area managed by an APMC. The state government appoints the APMC and commission agents ("arhtiyas") and wholesalers responsible for selling and buying the produce. The APMC manages market yards and sub-yards (mandis) where wholesale trade in the produce of the entire market area takes place. It thus has a monopoly over wholesale trade in the entire area.

Commission agents typically send village commission agents to collect produce from farmers in villages and bring it to the market yard. In the yard, commission agents sell the produce to wholesalers. The wholesalers sell it to sub-wholesalers who sell it to retailers. Retailers finally sell the produce to the consumer.

The price at which market commission agents sell the produce to wholesalers is supposed to be determined by auction, but in practice the process is opaque. Storage infrastructure at APMC yards being poor, a significant part of the produce regularly rots. A variety of taxes and commission agents' fees get added to the final price. The presence of multiple intermediaries; the nexus among APMC members, commission agents and wholesalers; poor storage facilities at the yard; taxes by the state government; and fees of commission agents result in the consumer paying a high price and the farmer receiving a low price.

The purpose of the two recent APMC laws enacted by the central government is to free up the farmer from this stranglehold of the APMC and be able to sell his produce directly to the highest bidder. One can understand that the commission agents who have guaranteed income from APMC transactions and the state government, which collects taxes on the sales in the yard, especially procurement of grains paid for by the central government and hence the Indian taxpayer, would be upset by the reform. But for the farmer, there is no downside and the upside is significant.

Therefore, it is not an accident that the reform has had near unanimous support of not just economists and policy analysts but also all central governments since Prime Minister Atal Bihari Vajpayee. The

latter's government first introduced the reform via the Model APMC Act of 2003. During its ten years, the UPA government actively lobbied state chief ministers to adopt the model act. While the present government has finally implemented the reform using its powers under the concurrent list of the Constitution, the 2019 Congress manifesto also supported it unequivocally stating, "Congress will repeal the APMC Act and make trade in agricultural produce – including exports and inter-state trade – free from all restrictions."

In view of this diagnosis, how do we explain the current farmer protests? To be sure, some commission agents who double up as farmers can be expected to oppose it. One may further speculate that fearing the loss of tax revenue collected on large volumes of procurement of grain and paid by taxpayers in the rest of India, governments in states such as Punjab and Haryana might also covertly or overtly encourage their farmers to join the protests. But these explanations are insufficient to reconcile the massive scale of the protests with the benefits that the vast majority of farmers would reap from the reform.

A more plausible explanation is that richer farmers, especially from Punjab, see an opportunity in the protests to extract a legal guarantee for a lucrative minimum support price (MSP) on all sales whether to the government or private agents. Quite likely, it is this intent that has led them to allege that the real intent of the government behind the reform is to eventually withdraw procurement at MSP when in fact no such link has ever existed.

How should the government respond to the protests? Ideally, it should not respond at all. Any rollback of the reform is bound to encourage vested interests to rise up against other reforms. Guaranteeing the MSP on all purchases must be especially resisted. Given that at MSP, the supply of grain would exceed demand, the price guarantee would leave many farmers holding their sacks of grain in hand with no one to buy them. And it would surely not be fair to expect the taxpayer to foot the bill by letting the government pick up all the excess supply.

As a last resort, if the government must offer an olive branch, it should do so only after ensuring that protesting farmers genuinely represent the view of the majority of the farmers of their respective states. In that case, it may allow the states to amend the new central laws as per local sentiment by passing amendments in the legislatures and seeking the Centre's permission for them.

If Punjab chooses to live with laws that hurt its own farmers, so be it. Let the wiser states benefit from the reform and, like Bihar, which had done away with its APMC Act in 2006, see their agricultural sectors flourish while that of Punjab languishes.

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For All Things Small and Bountiful

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Covid-19 has pushed lakhs of small and medium businesses to the edge, and many to the brink of closure. As uncertainty looms, it is a 'Code red' moment for these businesses, and they may take months to recover. There are over 60 million micro, small and medium enterprises (MSMEs), 12 million kiranas and

about 13 million HoReCa (hotel, restaurant and catering) businesses. This accounts for nearly one-third of India's GDP, not to mention a big source of employment generation and livelihood.

Due to Covid lockdowns and restrictions, nearly 15-20% small shopkeepers and kiranas have returned to their hometowns from their urban workplaces and are unlikely to come back. As per Confederation of All India Traders' (CAIT) estimates, the retail trade lost business worth ₹9 lakh crore during the first 60 days of the lockdown, and the non-essential sector is still operating at 20-25% pre-Covid levels.

GoI has taken some strong measures to provide a liquidity line to MSMEs. The ₹3 lakh crore collateral-free automatic loan, under the Emergency Credit Line Guarantee Scheme (ECLGS), was a much-needed relief for the stressed businesses. More recently, GoI also set up five task forces to make small businesses future-ready, which is expected to focus on critical areas such as technology, quality and exports. However, they need more robust solutions to survive in the post Covid-19 scenario. From a long-term perspective, government needs to introduce a policy framework to remove regulatory bottlenecks and implement more bold structural reforms to soften the economic blow rendered to the MSME sector.

Apart from reforms, technology and digital-enabled services will help in creating a more level-playing field for MSMEs. While GoI has introduced goods and services tax (GST) exemption for businesses with an annual turnover of up to ₹40 lakh, there is also a need to reduce the number of tax slabs in the present GST system. The GST composition system currently also enables taxpayers whose turnover is less than ₹1.5 crore to pay GST at a fixed rate of turnover.

With the current emphasis on locally manufactured products, the value of such MSMEs has come even more to the forefront.

Modernisation and digitalisation have become essential for most businesses. Small businesses need to be more open to embrace technology now and go digital. Covid-19 has led to dramatic shifts in consumer behaviour and preferences. Integrating technology in all critical business functions and innovating is the need of the hour.

In our experience, we have seen remodelled and digitised neighbourhood kiranas witnessing a 40-50% jump in their revenues as well as footfalls. Small businesses affected due to Covid-19 will have to digitally adapt and reinvent themselves to stay relevant and sail through the century's worst health crisis.

It is imperative that policy reforms specifically target easing the process of digitalisation for MSMEs. However, digitalisation would require substantial investment. One of the biggest deterrents to the growth of small businesses is lack of capital. According to a 2019 International Finance Corporation (IFC)-Intellicap report, the credit gap for the MSME sector is estimated to be ₹16.66 lakh crore, as it majorly relies on debt financing from banks and non-banking financial companies (NBFCs).

The micro credit scheme PM Street Vendor's Atmanirbhar Nidhi (PM SVANidhi) was launched in June to provide credit to small entrepreneurs such as street vendors and hawkers. GoI should look at providing easy and hassle-free access of Micro Units Development and Renovation Agency (MUDRA) loans by easing up the application and sanction processes.

MSMEs and small businesses, the backbone of a resilient national economy, need prioritisation for their ability to stimulate demand, create jobs and drive innovation to ensure inclusive growth. The success of 'Atmanirbhar Bharat' will depend on their sustainability.

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Fields of the future

Govt needs to encourage more remunerative cropping patterns, while addressing farmer anxieties

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The flashpoint between the agitating farmers and the central government is essentially rooted in the mismatch between the supply and demand for the wheat crop in India. The genesis of the current state of affairs stems from policies initiated over half a century ago when India was critically short in foodgrains and had to rely upon imports under PL-480 as aid from the US.

India set up a massive Public Distribution System (PDS) for supplying wheat (and later rice) to the urban consumers (and other vulnerable sections of the population in rural areas, at a later stage) by issuing ration cards that entitled them to a fixed quantum at

controlled prices. To feed the PDS, potential surplus producing states (notably, Punjab and Haryana) were cordoned off from the rest of the country under a quasi monopolistic buying by the central government through the Food Corporation of India (FCI) at a farmer remunerative price, labelled as the minimum support price (MSP). Concurrently, high yielding varieties of seeds were produced and popularised by the state agencies along with pushing the use of tube wells and fertilisers with subsidies for electricity and some fertilisers.

The result was a resounding success for the production and procurement of rice (common varieties) and wheat. India has become consistently surplus in their production, which was the focus of the PDS and government policy. Over the long period of government monopoly through the FCI, several agencies and administrative orders have emerged whose justification has become tenuous under free market/trade conditions, due to significant technological advancements in post harvest grain handling as also greater awareness of and information to the farmers. Understandably, the costs associated with this institutional arrangement are noted as cuts in the legitimate earnings of the farmers.

On the supply side, crop rotations have changed in the surplus growing regions. Punjab and Haryana, for example, are now geared for a rice-wheat cycle with the wheat acreage in the former being well above 90 per cent of the total cultivable land in the rabi season. Correspondingly, rice accounts for 80 per cent of

the total cultivable land in the kharif season, approximately one-fourth of this being under basmati rice. Controlled irrigation and general improvements in farming practices along with investments have made this rice-wheat rotation by far the most value creating crop cycle. Better varieties of rice (that is, superior basmati etc) in the kharif season that have lower yield, lower water and nutrient requirement but are exportable and highly priced, could possibly be better crop options in the region. The major problem comes in the rabi season wherein the only superior alternative to wheat in the rice-wheat rotation are vegetables and higher qualities of wheat (such as durum varieties that are exportable). The chances of success here, however, are lower. Some exportable wheat can be isolated even today by better selection of disease-free grains at the procurement level and by exporting processed foods made with wheat.

Before examining the relative merits of government handling vis a vis private sector engagement, it would be important to examine the current scenario of costs, quantities and their future projections. The current cost incurred by the FCI in terms of commissions/market fee and labour and gunny bags cost is an additional 12 -13 per cent of the procurement price. The losses due to poor storage and secondary transport are additional. Even with slow reforms, this mark-up can be halved.

Under the current procurement policy, the advantages of producing high-quality grains have been ignored. Since the origin of the policy was to feed the PDS system in periods of shortages, the considerations of maximising yield and lowering cost of production dictated the production and procurement decisions. These, unfortunately, were not the best products for export. The critical concern about keeping prices low for the middle classes in India has, thus, impaired the healthy growth of the agriculture sector. Physical quotas and controls on exports came in the way of increasing production of basmati and higher quality of rice. Also, there was no initiative for identifying high-quality wheat strains for increasing their production for local and foreign markets.

The only way forward is to shift production from normal rice to basmati and other exportable varieties and to give a boost to wheat for substituting rice via sooji, rava and noodles. A boost for infrastructure to increase the production of vegetables in the wheat belt and its transport to southern India, the Middle East and the Far East are the other options for the healthy growth of agriculture. The harsh reality of irrigated agriculture is that a wheat-rice rotation emerges as the highest and safest earning option, making agriculture settle at a low level equilibrium. It cannot be supplanted by pulses, oilseeds etc. Only potatoes and vegetables are more income generating.

The government needs to reduce the institutional costs and move towards a more remunerative cropping pattern. This the government is attempting to do by bringing in the private sector. This may not be a sufficient solution, but why is the farmer so much against it?

The picture becomes murkier when we look at the political push and pull. The central government is touting that they are dismantling movement restrictions and allowing the farmers to sell to whoever gives higher prices. Sadly, when wheat is surplus at the current prices and the government itself is distributing it virtually free, how are prices going to be higher than whatever the government is looking to pay? Currently, the so-called support price is politically influenced. With the advent of large corporate players, farmers apprehend that the corporate players will influence the government not to raise the MSPs adequately in their own interest. The farmer-state government-central government power equation is likely to be polarised into a farmer/state government versus corporate sector tussle, wherein the peasants' lobby will be hopelessly powerless.

The central government needs to be seen as the agency that will ensure stable and remunerative MSP for rice, wheat as also for the prices of their superior variants along with the alternate crops. It must make transparent efforts to push exports consistently and not follow the stop-go policy emanating from price controls for the Indian consumer market.



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The rise of the AI economy

Three areas need attention if India is aiming to become the AI powerhouse of the world

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The pandemic has taught us many lessons and opened our minds to new ways of doing things, including understanding the potential of technologies such as artificial intelligence (AI) and machine learning (ML). AI/ML models and algorithms have supplemented the work of healthcare professionals, medical researchers, public health authorities and local administrations in monitoring and predicting trends. Lockdowns have led to a boom in Internet consumption. According to the Department of Telecommunications, Internet consumption in India rose by 13% after the lockdown was announced. Higher consumption has generated goldmines of user data that online businesses can harness. COVID-19 has created an AI moment that India can ill afford to miss.

India's rising eminence in AI

We have made significant progress in AI capability-building in the past few years through government initiatives and private sector investments. NITI Aayog's national strategy for AI envisages 'AI for all' for inclusive growth, and identifies healthcare, agriculture, education, smart cities and infrastructure, and smart mobility and transportation as focus areas for AI-led solutions for social impact. The Telangana, Karnataka, Tamil Nadu and Maharashtra governments, among others, have announced policies and strategies for AI adoption. Technology companies have established AI centres of excellence to create solutions for global clients. India has a thriving AI start-up ecosystem with cutting-edge solutions being developed in areas such as cancer screening, smart farming and conversational AI for the use of enterprises. Our talent pool in AI/ML is fast growing, with over 5,00,000 people working on these technologies at present. India is thus poised to become the AI powerhouse of the world. And with that, there is a potential of the rise of an AI economy in the country.

Data and AI services are expected to help boost India's economic growth in a big way. Nasscom believes that data and AI will contribute \$450 billion-\$500 billion to India's GDP by 2025, which is around 10% of the government's aspiration of a \$5 trillion economy. The thrust will come from three key segments: consumer goods and retail, agriculture, and banking and insurance.

As more opportunities are created, we can expect a net positive effect on employment generation. The growing AI economy is estimated to create over 20 million technical roles alone. AI can create not just niche solutions to specific problems that banks and other service providers are deploying, such as speeding up loan application processing or improving customer service; it can also provide solutions for better governance and social impact. For example, during the lockdown, the Telangana police used AI-enabled automated number plate recognition software to catch violations. The pandemic has thus provided technology companies in the country a great opportunity to test their own capabilities to create solutions for fast evolving, real-world situations. We are now better prepared for an AI-led future in which we not just solve business problems but also find answers to complex social issues.

Top priorities for India

The stakes are high for India. We need to speed up our readiness to seize the opportunities that the future presents. Three areas need our attention. The first is talent development. No meaningful conversation on AI preparedness can take place unless we are able to meet the rising demand with the right talent. In 2019, we nearly doubled our AI workforce to 72,000 from 40,000 the year before. However, the demand continues to outpace the supply. That means our efforts to develop talent must pick up speed. The second area is policies around data usage, governance and security. Without data, there cannot be AI. However, we need a balanced approach in the way we harness and utilise data. We need a robust legal framework that governs data and serves as the base for the ethical use of AI. Third, though the use of digital technologies has gone up, the level of digitisation continues to be low. This poses a big challenge for organisations in finding the right amount of training data to run AI/ML algorithms, which in turn affects the accuracy of the results. Then there is the problem of availability of clean datasets. Organisations need to invest in data management frameworks that will clean their data before they are analysed, thus vastly improving the outcomes of AI models.

The future for AI looks promising but to convert the potential into reality, India will need better strategies around talent development, stronger policies for data usage and governance, and more investments in creating a technology infrastructure that can truly leverage AI.



दैनिक जागरण

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अस्वीकार है आंतरिक मामलों में हस्तक्षेप

विवेक काटजू , (लेखक विदेश मंत्रालय में सचिव रहे हैं)

विगत एक पखवाड़े में भारत को दो विदेशी बयानों पर कड़ी प्रतिक्रिया देनी पड़ी। इन दोनों बयानों का उद्गम भले अलग रहा, मगर उनके मूल भाव में समानता थी। वे भारत के आंतरिक मामलों में हस्तक्षेप करने वाले थे। भारत जैसा कोई देश अपने आंतरिक मामलों में हस्तक्षेप कदापि स्वीकार नहीं कर सकता। इन बयानों में एक कनाडाई प्रधानमंत्री जस्टिन ट्रूडो का था, जिन्होंने किसानों के विरोध-प्रदर्शन को लेकर अनुचित टिप्पणी की। दूसरा बयान जम्मू-कश्मीर के संदर्भ में

इस्लामिक देशों के समूह यानी ओआइसी की ओर से आया। ओआइसी के बयान के पीछे पाकिस्तान ही मुख्य रूप से जिम्मेदार था। भारत के प्रति स्थायी शत्रुता भाव रखने के कारण इसमें भी कोई संदेह नहीं कि वह पंजाब में उपजे हालात का भी लाभ उठाना चाहे। उसने खालिस्तान की मुहिम को दोबारा जिंदा करने की उम्मीद नहीं छोड़ी। हालांकि यह बात अलग है सिख समुदाय ने उसे सिरे से खारिज कर दिया। यह सच है कि कनाडा में बसे तमाम लोगों को पंजाब में अपने रिश्तेदारों की चिंता है, लेकिन इसका मतलब यह नहीं कि डूडो भारत के मामलों में टांग अड़ाएं। कनाडा को भारतीय कृषि नीति में हस्तक्षेप का कोई हक नहीं। कुछ जानकारों ने ध्यान भी आकृष्ट कराया कि कनाडा भारत में किसानों को दी जाने वाली न्यूनतम समर्थन मूल्य व्यवस्था का विरोधी है और उसने विश्व व्यापार संगठन जैसे मंच पर इसका विरोध किया है। स्पष्ट है कि कनाडा भारतीय किसानों के हितों का हमदर्द नहीं, पर अपनी घरेलू राजनीतिक मजबूरियों के चलते किसानों का समर्थक होने के दिखावे में जुटा है। वैसे भी कनाडाई नागरिकों के भारतीय रिश्तेदारों की सुरक्षा में क्या कनाडा सरकार की कोई भूमिका हो सकती है? इसका उत्तर है-नहीं। भारत में रहने वाले सभी भारतीय नागरिकों की सुरक्षा का एकमात्र दायित्व भारत सरकार का है। साथ ही पंजाब के लोगों या किसानों के खिलाफ कोई सख्ती भी नहीं की जा रही है।

दरअसल कनाडा की राजनीति में सिखों के प्रभाव ने ही डूडो को ऐसी टिप्पणियों के लिए मजबूर किया। कनाडा की कुल आबादी में भले ही सिखों की संख्या बहुत अधिक न हो, मगर वे राजनीतिक रूप से बहुत संगठित और सक्रिय हैं। उनके राजनीतिक प्रभाव की थाह इसी से ली जा सकती है कि डूडो कैबिनेट में तीन सिख मंत्री हैं। यहां यह भी अनदेखा नहीं किया जा सकता कि कुछ कनाडाई सिख नेता खालिस्तान की मुहिम के साथ सहानुभूति रखते हैं। कनाडाई सरकार उन्हें खुलेआम इसके समर्थन की अनुमति देती है जबकि ऐसे विचार भारत की क्षेत्रीय अखंडता के खिलाफ हैं। कुछ देर बाद ही सही भारत ने कनाडा के उच्चायुक्त को तलब कर बिल्कुल उचित किया और साथ ही चेताया कि डूडो का बयान अस्वीकार्य है और ऐसे बयान जारी रहे तो भारत-कनाडा संबंधों पर उनका बुरा असर पड़ेगा। हालांकि ऐसे स्पष्ट संदेश के बावजूद डूडो बयानबाजी से बाज नहीं आए। हालांकि अगली बार उन्होंने यही कहा कि भारत सरकार जिस तरह किसानों से वार्ता कर रही है उससे वह संतुष्ट हैं। यह सही है कि कनाडा के साथ भारत के आर्थिक हित जुड़े हैं, लेकिन इससे सरकार को उसके खिलाफ कड़े कदम उठाने से परहेज नहीं करना चाहिए।

जहां तक ओआइसी का प्रश्न है तो यह मुस्लिम देशों का ऐसा संगठन है, जो धार्मिक आधार पर उनके अंतरराष्ट्रीय मामलों को देखता है। एकजुट दिखते हुए भी यह धड़ों में विभाजित है। परंपरागत रूप से इसमें सऊदी अरब का वर्चस्व रहा है। हाल में तुर्की ने सऊदी नेतृत्व को चुनौती दी है। खुद को मुस्लिम जगत का रहनुमा दिखाने और पाकिस्तान से पारंपरिक जुड़ाव के चलते तुर्की ने भारत सरकार द्वारा जम्मू-कश्मीर में सांविधानिक बदलावों के खिलाफ तमाम तीखी टिप्पणियां कीं। यहां तक कि इस मसले पर पाक के समर्थन में ओआइसी के विदेश मंत्रियों की बैठक तक आयोजित कराई। किसी अन्य महत्वपूर्ण मुस्लिम देश ने पाकिस्तान की इन मांगों का समर्थन नहीं किया। पाकिस्तान की निराशा का अंदाजा इससे लगाया जा सकता है कि उसके विदेश मंत्री शाह महमूद कुरैशी ने अपनी मांगों का समर्थन न करने पर सऊदी अरब की खुलेआम आलोचना कर डाली। इसने कुछ वक्त के लिए पाकिस्तान सऊदी-रिश्तों में भी मुश्किलें पैदा कर दीं।

नवंबर के आखिरी सप्ताह में नाइजर की राजधानी नियामी में ओआइसी के विदेश मंत्रियों की आम बैठक हुई। बैठक के मूल एजेंडे में जम्मू-कश्मीर का मसला शामिल नहीं था। हमेशा की तरह पाकिस्तान ने जम्मू-कश्मीर से जुड़ा एक प्रस्ताव रखा। उसने भारत के सांविधानिक-प्रशासनिक बदलावों की आलोचना की। यह कवायद पूरी तरह भारत का आंतरिक

मामला है। यह भी उल्लेखनीय है कि भारत का सुप्रीम कोर्ट इस परिवर्तन को चुनौती देने वाली याचिकाओं की सुनवाई कर रहा है। यह भी भारत का आंतरिक मामला है और अंतरराष्ट्रीय बिरादरी ने ऐसे बदलावों की कोई आलोचना नहीं की। महत्वपूर्ण मुस्लिम देशों ने भी अपने बयानों में ऐसा कुछ नहीं किया। चूंकि ओआइसी की यही परंपरा है कि उसमें प्रस्ताव का विरोध नहीं होता, सो इस मामले में भी वही हुआ।

भारतीय विदेश मंत्रालय के प्रवक्ता ने न केवल इस प्रस्ताव को खारिज किया, बल्कि उसके प्रवर्तक और आतंकवाद के पोषक पाकिस्तान को आईना भी दिखाया। उन्होंने ओआइसी को भी सही सलाह दी कि वह भारत के आंतरिक मामलों में हस्तक्षेप न करे। क्या भारत को इस मामले में और कदम उठाने चाहिए? क्या उसे ओआइसी के साथ इस पर चर्चा करनी चाहिए? याद रहे कि यूएई के आमंत्रण पर भारत की पूर्व विदेश मंत्री ने 2019 में ओआइसी विदेश मंत्रियों की बैठक के उद्घाटन सत्र को संबोधित किया था। इससे पाकिस्तान इतना चिढ़ गया कि उसके विदेश मंत्री ने उक्त सत्र का बहिष्कार किया। ऐसे में इस संगठन के साथ संवाद को लेकर भारत की राह खुली हुई है, लेकिन पाकिस्तान पर लगाम लगाने के लिए उसे खुद आगे आना होगा। इस बीच यह भी स्पष्ट है कि जम्मू-कश्मीर पर पाकिस्तानी प्रस्ताव को ओआइसी के ही कई सदस्यों ने गंभीरता से नहीं लिया, क्योंकि उनमें से लगभग सभी के भारत के साथ बेहतरीन द्विपक्षीय रिश्ते हैं। इस प्रस्तावों को लेकर भारत का रवैया एकदम सही रहा है। उन्हें खारिज कर अनदेखा ही किया जाना चाहिए।
