

RECOMMENDATIONS OF KARNATAKA AGRICULTURE PRICE COMMISSION SINCE 2014

Report 1: "Guaranteed Prices and Sustainable Market" for Agricultural and Horticultural crops of Karnataka

The Perspective Report and Cost of Cultivation Multi-faceted Recommendations sub mitted Dec 2015

1. Guaranteed Prices to Agriculture produce:

- Minimum Support Price announced by Union Government or Paid out Cost including Family labour (A_1+FL) derived by Karnataka Agriculture Price Commission whichever is maximum be considered as States' **Statutory Minimum Transaction Price-SMTP**.

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| <ul style="list-style-type: none">• Enact legislation to ensure that any formal transaction including the sale that takes place within APMCs should not be below Statutory Minimum Transaction Price-SMTP. |
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- Impose restriction on informal transaction taking place outside regulated markets for all agriculture and horticulture produce in the state.
- Ensure that the farmers receive price not below total cost (C_3) while procuring for state's PDS program: *Anna Bhagya* and procurement made by HOPCOMS, Farmers Producer Organisation (FPOs), Contract Farming firms, big Retail formats like Safal, Metro, Reliance, etc.
- Expand the 'Food Security Basked' - *Anna Bhagya* scheme by including Tur, Onion and Boiled Rice for distribution.

- To compensate the loss incurred by the farmers due to fall in prices, new mechanisms like *Price Compensation and Deficiency Payment* may be put in place.

2. Price Stabilization Fund:

- State Government to create Rs 5000 cores Price Stabilization Revolving Fund.
- For its efficient and transparent management a separate Secretariat be established.

3. Timely Procurement and Early Disbursement:

- In order to remove the bottleneck in maintaining FAQ standards, educated rural youth need to be trained and used for *certifying the quality of the produces at the farm level itself* prior to bringing the produce to APMCs.

- Government to bear the transportation cost and supply quality gunny bags to bring produce to market. The *Primary Agriculture Cooperative Societies (PACS)* needed to be strengthened for procurement of farm produces.

4. Reducing Cost of Production:

- Farm Universities and research institutions should pay utmost attention to reduce the cost of production, evolve low cost sustainable technologies and make them available to farmers.

- Evolve a system to enlist the farmers possessing different farm machineries and extend the services to others through *online aggregation* on similar lines of OLA cabs.

- Benefits of MGNREGA to be made available to farmers for soil and water conservation, to undertake land development and other activities.

5. Enhancing Bargaining Power of Farmers:

- Enhance *collective bargaining power* of farmers to undertake processing, value addition and marketing of farm produces thereby garner maximum share in consumer rupee. ***Karnataka has to usher a revolution in marketing of farm produce in this regard.***
- State Agriculture and Horticulture universities shall establish crop specific FPOs (***Farmers Producers Organizations***) on pilot bases in their jurisdiction with the help of *Krishi Vignana Kendras* (KVKs).
- Similarly, State Agriculture and Horticulture Departments, MARKFED, Horticulture Federation, Farmers Organizations, SHGs shall establish FPOs throughout the state in collaboration with NGOs and other organisations.
- ***Group Crop Insurance*** Scheme may be designed to cover these FPOs.

- **MARKFED and Horticulture Federation shall be made responsible to intervene in the market operations whenever there is glut in arrivals of agricultural produces.**

- Services of ***Start-up Entrepreneurs*** need to be utilised for aggregation of quality farm produces and to establish direct link between Farmers / FPOs and Consumers.

6. Strengthening of Marketing Department:

- There is a need for efficient and pro farmer markets at the Taluka level. The APMCs are to be strengthened in this regard instead of weakening in the disguise of market reforms.

- **Farmers to be educated about pros and cons of e-trading and on line trading. There is an urgent need to provide training and capacity building to farmers on aspects of FAQ standard and grading so as to encourage them to participate effectively in e-trading.**

- Market intermediaries' activities have to be regulated and ensure that they take part in e-trading processes in an efficient and competitive spirit.
- Purview of Regulated Market to be expanded and extended up to village level.

- **A thorough query followed by comprehensive solutions to the problems of inadequate utilization of pledge loan and illegal collecting commission from farmers in APMC yard is needed immediately.**

7. Market Intelligence:

- Develop and put in place an efficient **interactive e-portal** jointly by agriculture, horticulture, sericulture and other related departments along with universities to disseminate information on real time basis.
- Establishing KIOSKS at village or Gram Panchayath level and establish permanent Technical Cell to provide timely price and market information to farmers.

8. Effective Persuasion with the Centre:

- Union Government to take a clear stand in favour of farmers on Dr.M.S.Swaminathan recommendation regarding ensuring 50 percent profit margin while fixing MSP and bring a legislation on **Right to Remunerative Price**.
- Extend MSP to horticulture crops and facilitate timely procurement.

- **Statutory status to Commission for Agriculture Cost and Prices (CACP) and ensure that it pays adequate attention to stabilise farmers' income.**

- Care must be taken to ensure that proposed **Unified Market System** does not lead to concentration of trade with a few big players. In order protect farmers' interest it is necessary to have contentious interaction with state Governments.

9. Supportive Recommendations

A) **Cost of Cultivation and Market Intelligence:** There is a need to establish a permanent mechanism to undertake estimation of cost of cultivation and to provide market intelligence with active participation of State Agriculture & Horticulture universities and Departments of Agriculture, Horticulture and Marketing.

- Methodology evolved and cost items considered by Karnataka Agriculture Price Commission to be considered while assessing crop loss and declaring relief under different calamities.

B) **Implementation of Proper Crop Plan:** Constitute a committee at district level under the chairmanship of CEO, with farmers, technical specialists and officers from the concerned Departments as members.

- Specific crops or cropping systems to be identified in each district with an intension of promoting them.
- Based on the district crop plans a comprehensive cropping system to be developed at different agro ecological zones to formulate a State level suitable crop and production plans.

- **Various Government programmes and support mechanisms are to be dovetailed appropriately for successful implementation of crop and production plans.**

C) **Crop Insurance:** Strengthen the existing crop insurance schemes; evolve innovative ones like **Income Insurance & Group Insurance** schemes to provide multiple options to farmers.

D) Karnataka State Seed Corporation to take steps to scientifically estimate cost of seed production of different crops and ensure remunerative prices to farmers.

E) Strengthening of Karnataka Agriculture Price Commission: In order to successfully accomplish its mandates, commission may be vested with statutory powers.

Crop Wise Recommendation for Government Intervention

- December 2016

Paddy:

- The Price Commission has submitted several proposals including comprehensive mechanisation to the government on 05.05.2016 to stabilise the price and strengthen the production of rainfed rice in a long range.
- In accordance with this, the Government Order dated 23.08.2016 issued for *deputing 10 scientists from University of Agricultural and Horticultural Sciences, Shimoga for a training to understand Kerala model* of comprehensive mechanisation should come in to force.

Ragi:

- As in previous years, ragi may have to be procured for Annabhagya scheme by giving higher price incentives.
- Since the support price announced by the central government is less than the cost borne by our farmers, it is necessary to take steps to **reduce production cost and increase productivity**.

Jowar:

- **It is very appropriate to procure at support price and distribute under Anna Bhagya scheme.**
- With this background, it will be very appropriate to procure all types of jowar without separating them as hybrid and Maldhandi along with price incentives. The Price Commission has submitted a proposal in this regard and the government has responded positively.

Maize:

- Support price should be confirmed by providing facilities like direct purchase or procurement from the government, providing pledge loan etc., to the farmers.

Bajra:

- Since the support price announced by the central government is 50% less than the cost borne by our farmers, it is necessary to take steps to reduce production cost and increase productivity.

Bengal Gram:

- If the government decides to distribute bengalgram as ration, it is appropriate to purchase it at market rates from the famers.

Red Gram:

- The market instability has already started in Redgram and it is reported that the prices in major markets is below the support price.
- As this year is an "**International Pulses Year**", the state government have considered the proposal of Agricultural Price Commission and have come forward to procure Redgram and also other pulses during the current year and distribute 1 kg/month/family as ration and this is a most welcome step.
- In order to distribute pulses under PDS, the government need to procure pulses from the farmers by considering total production cost (Cost C_3).
- In the long run, it will be most appropriate to establish a "**Federation of pulse Production Organisations**" which is already proposed by Agricultural Prices Commission to strengthen the market and also the production.

Black Gram:

- The period of increased arrivals to the market is already over and it will be appropriate to purchase the produce from the farmers at market rate if the government decides to distribute black gram under PDS.

Green Gram:

- The period of increased arrivals in the market is already over and it is appropriate for the government to procure the produce at market rate if it decides to distribute green gram under PDS.

Groundnut, Soyabean, Sunflower:

- It is very much essential to purchase at support price for price stabilisation.

Cotton:

- It is necessary to increase the productivity and reduce the cost as the support price of the Centre is less than our production cost.

Dry Chillies:

- Market intervention for Badagi variety may dependent of price volatility.

Tomato:

- It is now necessary to give attention towards the purchase through market intervention scheme or **Price Compensation** (Difference between production cost and market price) to the farmers.

Onion:

- It is very much appropriate to process and add value to the onion and tomato purchased from the farmers and use them for mid day meals of school going children, hostels and other welfare programmes of the government instead of bringing them again in the direct market for auction.
- It is now necessary to give attention through market intervention scheme or **Price Compensation** (Difference between production cost and market price) to the farmers.
- The Agriculture Price Commission has submitted a five point proposal to the Government on 01-09-2016 to stabilise the price of onion and also to strengthen the market in the long range. An expert committee headed by Director of Research of University of Horticultural Sciences, Bagalkot have submitted a report in this regard and it is appropriate to take action to implement this report.

Potato:

- It is very much necessary to intervene in the market for price stabilisation. Action for increasing productivity and reduce the price is also very much needed.

Fruit Crops:

- There is no necessity of market intervention.
- The Department of Horticulture has formulated a scheme to transfer the technology of precision farming in banana to all the farmers of the state under centrally sponsored Rashtriya Krishi Vikasa Yojane and this will help to increase productivity.
- A separate **Wine Policy** and a **Wine Board** are formulated in case of grapes and which needs to effectively implemented.

- **The Department of Horticulture has formulated an integrated development scheme with private participation by establishing farmer producer organisations (FPOs) in order to increase the organisational power of horticulture farmers, provide good market and appropriate prices. If this becomes successful, lot of benefits accrue to the farmers.**

- Though the state is having a co-operative institution, HOPCOMs, the first of its kind in India, *it is not effective due to lack of professionalism and capability*. A letter has been addressed to the government by the Price Commission in this regard for suitable action.

Coconut:

- It is very much appropriate to process and add value to the product procured from the farmers and use them for mid day meals of school going children, hostels and other **welfare programme** of the government instead of bringing them again in the direct market for auction.
- The Price Commission has already made several recommendations to strengthen the market and stabilise the price of coconut products over a period of time. It is very much necessary to implement these recommendations effectively.

Arecanut:

- The Price Commission has recommended a separate **Board for Arecanut** to strengthen the market in the long run. In this regard, the expert committee headed by the Vice Chancellor of Horticultural University, Bagalkot has already submitted a report to the government. ***A proposal on this line has to be submitted to the Central Government immediately.***

Spices Crops:

- Government intervention is not required with regard to prices.
- A separate **Spice Board** is established with its headquarters in Hubli to promote production, value addition and better marketing for spice crops like ginger, turmeric and pepper etc. which needs to be strengthened.

Report 3: The Direction and Orientation of the Shift in Cropping Pattern in Karnataka

-A Comprehensive Analysis of the Transition in the area of state's Agricultural and Horticultural crops during a decade (2005-06 to 2014-15) - July 2016

a. Comprehensive Production policy:

An estimate of the quantity of different agricultural and horticultural produce required by the state is to be assessed every year well in advance. This has to be calculated based on food security, local demands, supply of raw material to the industries, export demand etc., Even the production, demand and supply at national and international levels are to be considered. **A Comprehensive Production Policy** of agriculture and horticulture crops at the state level is need of the hour.

b. Decentralised crop planning:

Area under commercial crops like maize, sugarcane, cotton and also plantation crop like arecanut is increasing at a faster rate in the state. Whereas area under food crops like ragi, jowar, pulses, rainfed paddy is showing declining trend which are very essential for food and fodder security of state.

There is a need for formulating scientific **crop planning at district, regional and state levels** in co-ordination with the farming community. The crop planning should considering food security requirements, climate change, marketability, industrial demand etc.

- **A major crop or a cropping system has to be incentivised with support mechanisms at each district or at cluster of districts/taluks. For example, millets for Chitradurga and Chamarajanagara districts, Byadagi Chilli for Haveri district, Red gram for Kalburgi district, organic paddy for Malanad and Coastal districts , Organic ginger for Bidar district etc.,**

- Similarly, separate zones have to be formed and the production of white Jowar , Ragi, and Red gram have to be increased for distribution under Anna bhagya scheme of the Government.
- The government of Karnataka has given the responsibility of formulating **Comprehensive District Agriculture Plan (C-DAP)** and separate agricultural plan for the state (S-DAP) to "Hyderabad Karnataka centre for advanced learning" agency. This agency has already submitted its report to the government. ***In each district, a committee of farmers, experts, departmental officers and others under the chairmen ship of chief executive officer (CEO) should be formed*** to discuss and implement district agricultural plans.
- A cropping system suitable for each **Agro Ecological Zones** based on the district agricultural plans has to be formulated by considering requirements of the state, market situation, climate variations etc which should lead to arriving at a suitable crop plan at the state level.
- Effective coordination of different universities, Research institutes like, National Bureau of Soil Survey and Land Use Planning (NBSS & LUP), professional institutes like Institute of Agricultural Technologists, Non Government Organisations needs to be put in place to achieve the objective.

c. Limiting Production as per the requirement:

In many advance countries there is a practice of limiting the agricultural production based on requirements. In India, there is practice of limiting the area under Tobacco after fixing the production target and it is being implemented effectively.

- **Need of the hour is to rationalize the cropping system based on the requirement instead of only price signals in previous season alone which has lead to over production of certain crops particularly perishables.**

- Similarly, it is the responsibility of the government to expand the area essential crops with all possible incentives.

- **All the programmes of incentives, subsidies, procurement etc., which are under the control of the government, have to be implemented at an appropriate time and way for the successful implementation of crop plan formulated.**

- The Directorate of Economics and Statistics has to be strengthened to get the precise data of area and production of different crops in time.
- A system needs to put in place for regular dissemination of information on market situation, prices, production scenario at national and international levels to farmers so that a suitable crop plan is arrived at for the state.

d. Market Information and Intelligence:

- In order to disseminate all the information regarding cultivation aspects of a crop to the farming community, a **dissemination system (KIOSKS) at Gram Panchayath** level needs to be established with net working, another better option is also at Milk procurement centres of KMF.

- **An interactive portal has to be prepared involving departments of Agriculture, Horticulture, Sericulture etc., for constant dissemination of market information and interaction with farmers. The farmers throughout the state should be able to get the required information on daily basis through this system.**

- An effective **Technical Cell** has to be established immediately in coordination with information technology experts, professionals, research institutes, different universities and marketing department for the generation and dissemination on real time basis for successful implementation of the above system.

e. Institutional framework

An institutional frame work needs to be evolved with responsibility of decentralize planning for agriculture and horticulture crops regularly before sowing at different levels.

- **It is most appropriate entrust this responsibility to state planning board which is having statutory powers.**

A common consensus has to be arrived at in this direction by arranging constant discussions and interactions with experts, Non government organisations, progressive farmers and also farmer organisations.

Report 4: Productive Utilisation of Fallow lands and Consolidation of Land Holdings in Karnataka

Recommendations based on Studies, Discussions, Interactions and Opinions

March -2017

Recommendations

1. For better utilisation of **fallow agricultural lands** which amounts nearly 21 lakh hectare or nearly 16 percent of gross cropped area, various options needs to be considered; inter alia agro- forestry, bamboo cultivation, solar power and other renewable energies, fodder development, sheep rearing etc. These can be taken as supplementary enterprises by making availability of technology, adequate finance and market support to farmers.
2. If fallow land cultivation is to be encouraged, it should be **limited to farming community and for farming and related activities only**. In addition, prioritized encouragement should be given in this direction to **group farming** and it may be advisable to learn from the "Kudumba Shree" - a model for women group garming in Kerala.
3. The size of the holding possessed by the farmer who has taken fallow land for cultivation should not cross the limits fixed by land reforms act. However, this restriction can be relaxed for group farming.
4. While formulating an 'Act' regarding land leasing, rights of the both land owner and lessee should be safeguarded. It is of at most importance to take caution to protect the productivity and ground water resources of the leased out land.

5. In this direction, joint liability farmers' groups are to be encouraged and they have to be provided with loan, insurance, machineries and inputs so that there will be better utilization of land and water.
6. Grama Panchayaths should be the official institutes to supervise and also implement this type of land leasing agreements. There should be quick opportunities both at taluk and district levels to resolve the litigations that arise out land leasing.
7. An arrangement is to be made for the farmers who are unable to cultivate their lands to deposit the same in the gram Panchyaths. This type of an arrangement facilitates the gram Panchyaths to consolidate these holdings and to lease it out to groups or at individual level.
8. If we can consider contract farming as a solution to the problem of fallow lands, farmers should be assured of remunerative prices and care should be taken to protect the soil fertility and underground water. In this direction, it will be most appropriate to bring in the Department of Agriculture in to the contract along with the farmers and the companies.
9. It is also important address the issue of land fragmentation and for a policy intervention for land consolidation by considering economic holding size. In the regard, it is appropriate to review the Acts and Rules formulated by the states of Punjab (1948), Himachal Pradesh (1971), Orissa (1972), Uttar Pradesh (2012) and Maharashtra (2016).
10. In our state, a considerable amount of holdings are under informal leasing in the form of "lavani", sharing of produce etc., A comprehensive study and necessary actions are urgently required in this regard.
11. State to come out with a proper act for "Optimum Utilisation of Agricultural Fallow lands and Consolidation of holdings in Karnataka" by considering above mentioned points.

12. It is most appropriate to consider the Acts, Rules and Programmes already formulated in this regard by the states of Uttar Pradesh, Madhya Pradesh, Kerala and Andhra Pradesh.
13. It is necessary to undertake a public discourse thru debates, discussions, seminars both inside the assembly and outside to arrive at a consensus and do away with the misconception/doubts among public.
14. Similarly, it is of urgency to analyse and understand the transformation happening in the cropping systems of both Agricultural and Horticultural crops of Karnataka to arrive at appropriate solutions to address the issues.
15. It is very much essential to put in place an institutional set up for comprehensive crop planning for the state thru decentralized planning.