

Direct Reforms in Agriculture their Impact

Fertilizer Subsidy Reforms

- 1991 Budget -

Urea P Tied by 40%.

Then Rolled back to 30%.

↓

Effort to phase out large

subsidies on agri products

and fiscal deficit under control

↓

Joint Parliament Committee
to look into the matter

↓

recommended

↓

Further lowering of urea price
by 10%

↓

Freeing up.
Phosphorous (P), & Potash (K) ★

Date _____

↓
it did not solve the problem

↓
also did not correct the use
of NPK

Graph - 4

movement of maxi retail prices
of various fertilisers
from 1980-81 to 2013-14

Urea price constant.

P & K erupted after 2010-11.

↓

This made NPK balance
even worse in certain regions
e.g. in P & H. (Jharkhand & Haryana)

↓

Issue is still unresolved.

↓

2008-09

global P of fertiliser Fed.
substantially.



While domestic price sply of
uses remain frozen.



fertilizer subsidy crossed
1,00,000 crossed.



A. A GDP it wa 10% of

2017 — Fertilizer subsidy —
70,000 crore.



since 1991, problem persists.

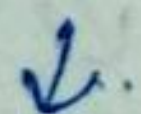


no govt. has boldness to address
this.

Trade Policies on Agri Products



most of agri trade policies has
been Adhoc unpredictable



Date _____

① Edible oils

1986 — India was importing
about 30% of its requirements.



II biggest in terms of
crude oil.



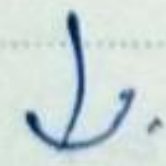
Target — self-sufficiency by

1990-91

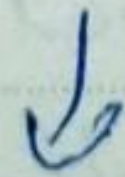


Gov. created (TMO)

Technology Mission on
oilseeds



TMO tried to raise productivity
& improve the marketing
processing of oilseeds etc.



nowhere near its goal by
1988.



↓
Sought help from Dr. Kurien
Who suggested to stop all M's
of edible oils

↓
Domestic P flared up,

↓
7 million h. of area shifted
from cereals to oilseeds,

↓
India achieved self sufficiency
by 1992-93.

↓
M's fell to less than 5% of
its requirements

↓
'Yellow Revolution'

↓
India fell short of cereals
this year.

↓
imported cereals



Date _____

April - 1994 -

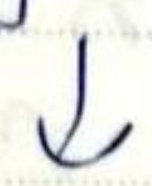
QRs on edible oil MS
we abolished & replaced by
65% Tariffs on Palm oil,
30% on next year.
↓
further reduced

← East Asian Crisis in 1997,
↓
several commodity Ps collapsed.
↓
which led to rising MS of
edible oil.
↓
Domestic Producers
rising on duties,
↓
new govt. raise MS duties
on palm oil from 15% in
1998 to 90% for
refined Palm oil



2008 (as global prices started

rising) - duties zero.



2016 moderate duty.



India is importing 50% of

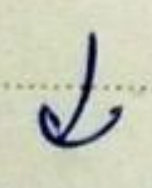
its requirement.



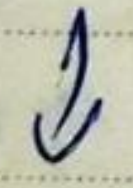
Self sufficiency is a distant dream

Q3 Cereals

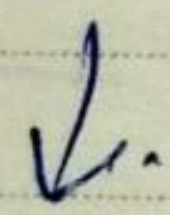
X & Ms are highly Restricted



only exception was basmati Rice



India is largest exporter of rice in 1995-96



Journey of Rice is has not been very smooth.



Date _____

MEPs
(Min. Export Prices)

- falling global prices
- overnight ban on export, on MEPs.

↓

2013-15 - rice Xs moved from one peak to another.

↓

India become one of the largest Xs of rice of the world.

↓

Wheat experienced an even more restrictive X-policy regime

↓

ban — 1996-2000
2007-11

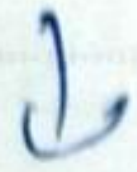
2013-15 — X were

substantial.

exported — 62 MMT cereals



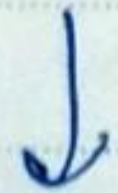
Called (cereal) 'wonder' in
India long history.



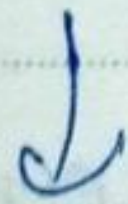
Cotton & beef (buffalo meat)



largest in II largest exports
in 2014

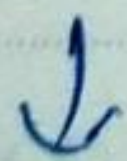


Still in case of pulses, sugar,
oilseeds & edible oils
policy is highly restricted



onions & potatoes are subject to
sporadic bans or high

MEPs



elements of anti-agriculture bias
still exist.

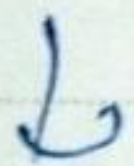


Domestic Agri Marketing & Prodⁿ Policy Reforms

• ECA 1955.

APMC, Act - (Agricultural Produce)
(Market Committee)

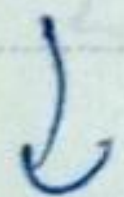
make marketing less
efficient & riskier



Restriction on movement bet^w
States, Districts.



Limiting licensing of Commission
Agents creates rent-seeking
class



Future of forward market in
most agri commodities was
banned before 1991.

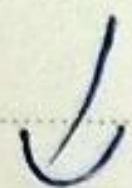


except in turmeric, pepper

potato, for & castor seeds)



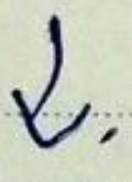
Rice & wheat - suffered
dualistic marketing system



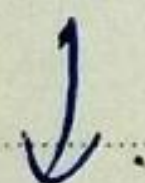
Procurement by FCI



levy system for rice &
sugar.

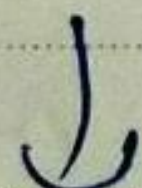


further limits the efficiency
market systems



In some states levy ratio
was 70%.

(means u have to sell
fix part to govt at fix price)



govt finally abolished it



Date _____

In case of Sugar also 65% in pre-reform period

↓
Lete Abolished

↓
In Cotton too monopoly procurement scheme in Maharashtra

↓
Lete Abolished

↓
But draconian ECA & APMC policies are still in place

↓
2005-06 - National Horticulture Mission (NHM) was ~~launched~~ launched.

II wa NFSM

↓
2007-08 - NFSM budget



↑ Jaidyain Prodⁿ by

20 MMT -

10 - Rice, & Wheat

2 pulses

↓

2011-12 - 42 MMT.

↓

2007-08 Global food crisis saw

ban of Common Rice & Wheat

x low energy

↓

2012 - FCI Wheat & Rice

Touching - 82 MMT.

(A faint norm of 31.9 MMT)

(NHM) -

2016 - Prod of Habi culture products

2 80 MMT surpassed

Gain Prod - 252 MMT



Date _____

NISSO Report
Consumer diets are diversified
from cereals to

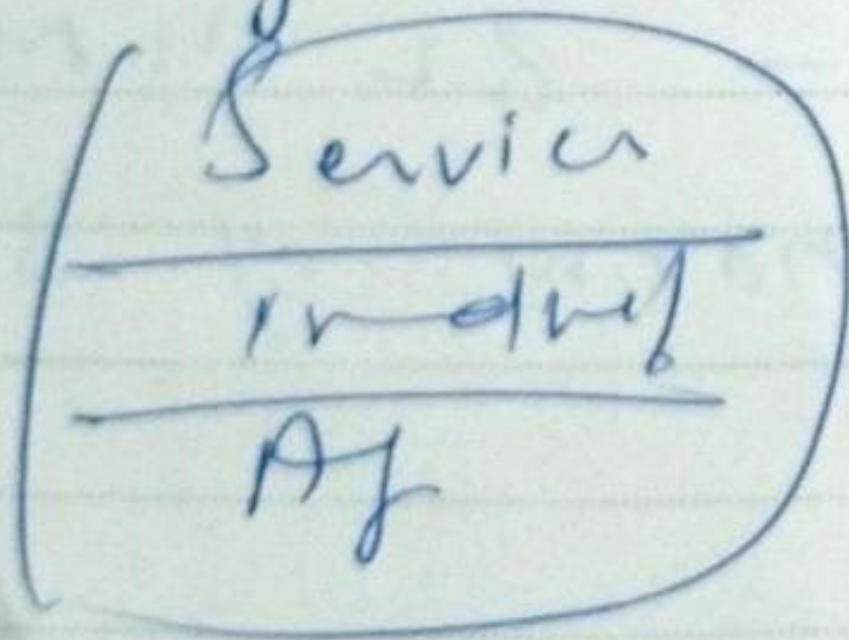
high value agriculture products

- fruits, veg.
- milk - milk products,
- fish, meat, eggs.

Comparison with China

1978 - eco. reforms in
China (mainly focusing Agri)

Pyramid



China started from the base

