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BASAI News Updates

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Govt 'recommends' VB probe into ₹1,178-cr farm machinery scam

TRIBUNE NEWS SERVICE

Inquiry report sent to Agri Minister for nod

CHANDIGARH, AUGUST 11

After a report revealed that agriculture machinery worth Rs 100 crore has been missing in 20 districts, the government is going to hand over the probe into Rs 1,178-crore scam to the Vigilance Bureau (VB).

Additional Chief Secretary, Agriculture, Sarvjit Singh confirmed that he had sent the inquiry report to the Minister for Agriculture and Rural Development, Kuldeep Dhaliwal, for conducting a VB probe.

Earlier, Agriculture Secretary Dilraj Singh Sandhawalia had said that since the department had already conducted an inquiry and machines worth over Rs 100 crore had been found missing, justice could now be done by a government probe agency.

A report submitted on Monday had revealed that 11 to 12 per cent of the machinery is untraceable in the state. In terms of financial implication, the machinery worth Rs 100 crore remains missing.

After a series of stories done by *The Tribune*, the Punjab Government on July 1 ordered the audit and physical verification of each of the 90,000 machines, which were purchased across the state with the Centre's subsidy. The officials were asked to furnish the details, including the name of the beneficiary and village, the amount of subsidy received by the farmer, Aadhaar card number and information about the machine. The officials have also been asked to check whether the machine was physically present on the ground or not. The verification was to be completed within 15 days.

Significantly, to control stubble burning, the Centre had provided Rs 1,178 crore subsidy in four years (2018-19 to 2021-22) to farmers for individual buying as well as setting up the machinery banks for crop residual management under the In-Situ Crop Residue Management Scheme. However, a large number of these banks remained on paper and the subsidy amount was embezzled by the officials.

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The critical role of FPOs in doubling farmers' income

We are halfway through 2022, the target year set by the government to double farmers' income, but there is no account of progress under the mission. The government appointed a committee on doubling farmers' income to formulate strategies and reforms required for the mission. The committee approached agriculture not merely from a production-centric perspective, but as an enterprise with an income-centric viewpoint. A lot of recommendations rest on the ability of farmer producer organisations (FPOs) to address the structural weakness of small and marginal farmers in its voluminous report.

The conception of the Producer Organisation can be traced back to the Alagh Committee (2002), which emphasised that the government needs to promote the interests of farmers by inculcating skills and efficiency of business enterprise, market their products professionally, prevent wastage, and direct involvement of farmers in marketing and selling. Governments have consistently invested in FPOs to face the challenge of disaggregated land holding size, to achieve economies of scale through collectivisation, value addition and marketing and to increase participation of farmers in the value chain.

Pragya Singh

The 10,000 FPO scheme (2020) aims to achieve economy of scale and realise better market returns through market linkages, providing effective capacity building to FPOs to develop entrepreneurship skills to become sustainable through collective action beyond the government support period. FPOs receive different kinds of financial assistance through the Equity Grant Scheme and Credit Guarantee Fund. The financial assistance for working capital articulated in the guidelines emphasises that these are intended for making FPOs sustainable and economically viable.

How can FPOs be a panacea to agriculture sector problems?

Eighty-six per cent of land holdings in the country are small and marginal, with an average monthly income of ₹11,449 or less. The prevalence of fragmented land size poses a severe constraint on sustained viable income for these farmers. The bulk of these farmers face issues such as low income and access to institutional credit and inadequate know-how on marketing and value addition.

The DFI Committee suggested a prioritisation of FPOs for cultivation on pooled land and for infrastructure development to achieve the desired economy of scale acknowledging the difficulty to harvest individually at both production and post-production stages.

Small and marginal farmers are not naturally equipped to compete as individuals in a market economy. Therefore, the objective of FPOs was to provide enabling institutional support to resource-poor and unskilled farmers with limited assets, business acumen and access to technology. Most importantly, when farmers are involved in post-production operations, there are higher chances of a direct benefit accrued to them.

Extending the market size by establishing direct connectivity from farms to the market will result in optimal price realisation for their produce in place of distress selling at low prices in local mandis. The presence of numerous intermediaries in the farm-to-fork supply chain results in a lower share of farmers in retail prices varying between 28-78% (RBI Bulletin, 2019). FPOs will upgrade the role of farmers in the overall agriculture value chain.

Although the conception of FPOs ticks all the right boxes for problems faced by farmers, several issues plague the sustenance of FPOs. Farmers tapping into the agri-value chain and the organised market through FPOs is the long-term objective. A major limitation is that FPOs have limited their objective towards mobilising farmers and purchasing inputs. Very few have reached the next stage in taking part in post-harvest logistics.

Lack of funds, low sense of ownership, and limited access to professionals are some constraints reported by FPOs. The policy focuses appropriately on financial assistance, however the incubation and handholding subsequent to the formation of FPOs has been inadequate in terms of training and support for marketing or value chain involvement.

FPOs are expected to leverage collective bargaining power to access financial services and emerging technologies, reduce transaction costs, and tap into partnerships with high value markets. Therefore, strong institutional credit and incubation support to entrepreneurs in FPOs will improve farmers' income. As an emerging sector of agricultural activity, there is a need for more systematic enquiries on FPOs with a regional focus.

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The views expressed are personal

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