

# Direct Farm Program Can it be a panacea for all ills affecting Indian agriculture?



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*Key issues facing Indian agriculture today are fragmented land holdings, uncompetitive productivity levels and issues of input management. Multi-pronged strategy would be required to address these issues. Private investment needs to be promoted to enhance productivity and increase technological interventions. Alongside, public sector will have to guide segments which fail to attract private investment and ensure favourable policy environment across the sector. While 'Direct Farm Program' has been quite successful, but as of now, the scale of their operations is too small in comparison to the overall agriculture sector, says Deepak Nighoskar, Managing Partner, Avizare Solutions, Gurgaon, India, in an exclusive interview to The Global ANALYST.*

**With the opening up of the multi-brand retailing, it has rekindled hopes of a revival in agriculture as well. What's your reaction?**

The biggest disruption to the existing agriculture value chain is the entry of big foreign retailers and food processing companies. The entry of big retailers will not create any fresh demand, but only divert existing demand from unorganized into organized sector. Key is to attack the value chain - setting up the entire supply chain itself will take time and effort. The malaise in Indian agriculture goes much beyond improving the supply chain and having a compact value chain. These issues need to be addressed simultaneously to unlock the agribusiness potential.

**Some cash-and-carry retailers have already been running direct farm programs wherein they engage local farmers. Can it prevent the decay of agriculture? Further, can India draw**

**a lesson or two from the west's experiences?**

Direct Farm program have been quite successful, but as of now, the scale of their operations is too small in comparison to the overall agriculture sector - Bharti Wal-Mart is currently engaged with only ~7000 farmers, similarly McCain is in co-operation with 1200 farmers. Size of land holdings will be an obstacle to quick growth of Direct Farm Program in India, as this would mean engaging with much larger number of growers than in other countries including the US. Increasing the technological absorption capacity of growers and encouraging consolidation of land holdings would go a long way in creating the right environment for promotion of Direct Farm program.

**What are the key concerns today in the backdrop of its falling share in the overall GDP? How the situation can be improved?**

Green revolution was the turning point

for Indian agriculture. From being an aid-dependent agriculture economy, the turnaround has been spectacular – current food grain stocks stand at 80 million tonnes. But this growth in agriculture is matched by an even bigger growth in manufacturing and services sectors. Consequently, the share of agriculture in GDP stands at 14 per cent, down from 30 per cent two decades back and over 50 per cent in the 50's.

With inadequate attention to the sector in recent times, it is suffering from several structural issues. Long term agriculture growth has stagnated around 3 per cent - growth in the last decade has become highly uneven. Key issues facing Indian agriculture today are fragmented land holdings, uncompetitive productivity levels and issues of input management.

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enhance productivity and increase technological interventions. Alongside, public sector will have to guide segments which fail to attract private investment and ensure favourable policy environment across the sector.

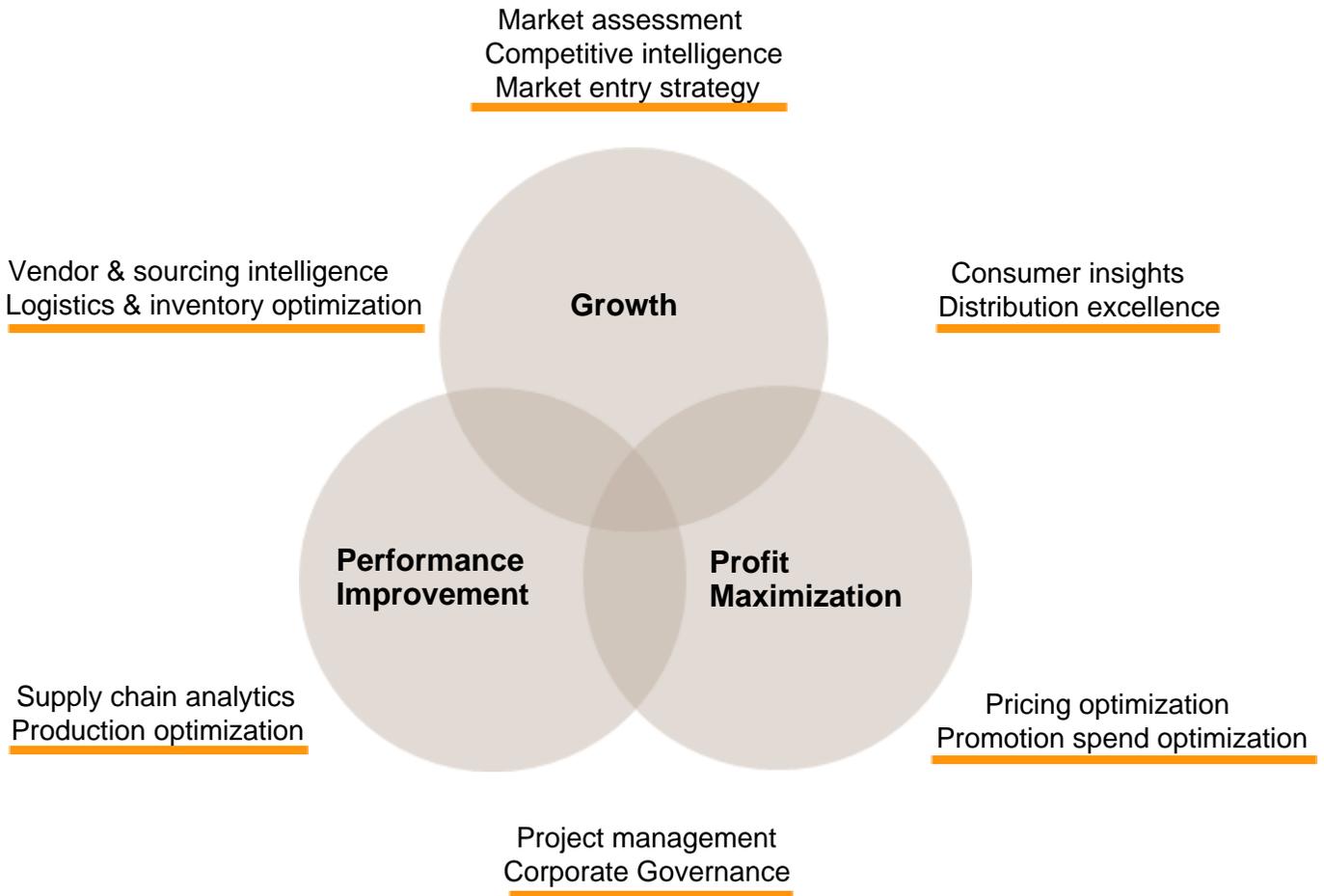
**Do you see corporate-farm interface as a credible solution to agriculture's growing troubles? What are the challenges in ensuring this intervention?**

This is definitely the need of the hour, but its success would be dependent upon the growers' capability to adopt new technology and modern farming practices. Fragmented land holdings also act as a barrier to this interface. These are some of the issues that the Government will have to address on a priority basis.

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