

# Cooperative federalism can stop farm stubble burning

SATISH DEODHAR



is dean (faculty), IIM Ahmedabad.

The day before Diwali, I was rushing to Delhi airport to catch my return flight to Ahmedabad. It was late afternoon. As I looked through the car window, I noticed a full moon on the horizon! In the Indian subcontinent, culture, agriculture and markets have been in harmony with nature. Festivals fall either on a full-moon day, *asthami*, or a new moon day. Diwali, signifying a celebration of the *khari* harvest, is on a new moon day. So, how did I see a full moon? The fault lies not in our stars, but in ourselves! It was the Sun, ominously effaced by the stubble-smoke-fed pollution.

Year after year, stubble burning by farmers in Punjab, Haryana and western Uttar Pradesh (UP) creates seasonal pollution in northern India. Despite the government and Supreme Court banning it, paddy residue burning has stubbornly continued. A few cosmetic remedies have been tried without success. Policy politics to end hunger haunts the effort, but we need a sustainable solution that aids the poor and also ends pollution.

The problem arose because of unnatural intervention in agriculture by assuring farmers minimum support prices (MSP) for wheat and rice, apart from subsidies on fertilizers and pesticides. States like Punjab have also been giving its tillers free electricity. The benefits are mostly reaped by rich farmers in Punjab, Haryana and western UP who have fertile farms. It is no surprise that over the decades, pulses like *chana* and *masur* and oilseeds like mustard and sunflower got replaced with wheat and rice in these states. Farmers in north-western India have heavily been drawing groundwater to grow water-intensive rice in the *khari* season. They are left with not much time between their rice harvest and the sowing of winter crops, within which they must rid their land of knee-high rice stubble. Many farmers use harvest combines, but paddy residue does not get removed by these. Moreover, the labour and machines required to remove this stubble in that short span are expensive. So, the most cost effective way is to burn it. The result: the environment gets heavily polluted.

There is an absolute urgency to address this negative externality affecting north India. For the market to remain harmonious with the environment and the sustainable

use of water and land, rice production should move to India's southern states and wheat to the Gangetic plains. But when farmers, traders and commission agents have been incentivized to maintain a particular cropping pattern for years on end, we cannot expect a quick-fix solution.

A structural adjustment programme (SAP) will have to be initiated for such a move. First, an integrated direct benefit transfer (DBT) has to be thought of in lieu of MSPs and input subsidies. Next, we must let market prices send signals to farmers on the right choice of crops. A production-switching DBT scheme can also be considered to incentivize the production of pulses, oilseeds, millets and horticultural crops. A robust DBT system would cover more farmers than market interventions, as it will help poor farmers as well and could be kept free of leakages and delayed payments.

Currently, there are about 7,000 APMC markets across India. Their

annual revenues run into thousands of crores of rupees. An integrated DBT along with reforms to allow contract farming and create a national market for produce will threaten the monopolist APMC lobby. Therefore, there may be a need to guarantee APMC revenues for a few years. To finance and execute such a SAP, India does not have the luxury of a Planning Commission anymore and the Niti Aayog does not have funds of its own to allot for it. Another institutional mechanism will have to be created for 5 to 7 years.

While creating such a mechanism, one must remember that India has a federal structure. Both the Union and state governments are intertwined in agricultural policy. If the MSP and fertilizer subsidies are given by the Union government, irrigation and power subsidies come from states. If crop insurance is shared by both governments, farm loan waivers are mostly absorbed by states. If the governance of APMC markets is influenced by

states, the responsibility of the Pradhan Mantri Garib Kalyan Anna Yojana lies with the Centre. This scheme may consider the distribution of millets and pulses as well, which would have implications for food stocks. Thus, any institutional arrangement must honour the principle of cooperative federalism between the Centre and states.

The Goods and Service Tax (GST) Council is an example. Similarly, an Agricultural and Food Marketing (AFM) Council could be set up under the aegis of the Niti Aayog. It may be chaired by the Union minister of agriculture and its members could include the agriculture ministers of all states and Union territories, as well as representatives of political parties. The public postures of lawmakers may differ depending on whether they're with the ruling party or the opposition. However, closed-door meetings of the Council can hold frank discussions on pertinent issues in a collegial setting. The Council could consult experts and civil servants and facilitate negotiations among states and between the Centre and states, before a bill is tabled in Parliament. Such a process will turn out to be a non-zero-sum game with a high rate of success.

Let's hope that the Sun does not look like a full moon in Delhi next Diwali!

## QUICK READ

Unnatural policy intervention in agriculture by way of MSPs and subsidies has incentivized inappropriate crops with the result that its environmental impact has grown harsh.

We need structural reforms in the farm sector but success will take an institutionalized mechanism or the GST Council for the Centre and states to jointly work out solutions.