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IT applications in Agriculture

Co-ops: the Indian experience

Earlier this month, I was pleasantly surprised to receive an invitation from the International Co-op Alliance (Regional Office for Asia and Pacific) to address a Training workshop for the senior managers of Agricultural Marketing and Supply Co-operatives at Beijing on 24-25 January organised by the All China Federation of Supply and Marketing Co-operatives. Obviously, India's achievement in applying IT to various sectors, especially agriculture has left a global imprint, especially with both the government and private sector portals on agriculture winning several accolades in the global fora.

The starting point of my presentation is the official website of the Government of India www.gov.nic.in. A very useful site it is - for it literally opens the gateway of information for everything one would want to know about the Government of India. Years ago, while preparing for the Civil Services, one had to depend on the India Annuals, published by the DAVP (Department of Audio Visual Publicity) and many of us felt that by the time the book was in print the information was dated. This website however provides all the relevant links, and in many cases, the updates are taking place on an almost regular basis, especially the ones which have strong market and e-commerce links - like those of NAFED, NDDDB, NABARD, MCX, SNX, ICAR and several agricultural universities.

This website, in turn lists the different priority sectors of the

Government of India. Whether Agriculture is 'numero uno' on the list is because it begins with A, or because it is really on the Top Priority - is anyone's coffee bet, but a click on agriculture takes one to the website of the Department of Agriculture and Co-operation www.dacnet.nic.in. This website connects one to links on 'co-operatives' where all the national federations are listed. These include, among others, the National Co-operative Union of India (NCUI), the National Co-operative Development Corporation, the National Agricultural (marketing) Federation, NAFED, the National bank for Agriculture and Rural Development (NABARD), the National Federation of state co-op Banks, IFFCO, Kribcho, Multi Commodity Exchange, National Dairy Development Board and the Safal National Exchange - the joint venture of the NDDDB and the Multi Commodity Exchange.

Because the focus of the Beijing workshop is on supply and marketing co-operatives, the presentation lays more focus on how the co-operative structure of the country ensures the supply of credit and fertilizers, the two essential inputs on the supply side - and the marketing, price discovery, price stabilisation, price support and export strategies of the National (Marketing) Federation on the demand side.

The NCUI - which is also the apex body of the Indian co-operative movement - has all the data about the Indian co-ops in different sectors. In the agricultural credit sector, for example, there are over one

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lakh primary credit co-operative societies, and of these over 85% are now financially viable, and actively engaged in business. However what is alarming is that even though the target and the availability of credit for agriculture are going up, the share of the co-operatives is going down. One must also consider that the reach of the co-operative to the small and marginal farmer is far greater than that of the commercial banks, which in spite of the targets for agri sector loans have not shown any substantial increase in the number of accounts.

Moreover the number of 'active' accounts, i.e. accounts of farmers who access credit in the agri sector is also showing a decline, whereas the number of agricultural holdings is going up. It is seen that for the current year, the agri sector's target is Rs 2,25,000 Crore, but less than fifty percent has been achieved. In the year 04-05, rural credit of Rs 1,25,300 Crore was disbursed to 4.15 crore farmers but in the current year, the disbursement of 1.20 crore is limited to only 2.78 crore farmers. Now all this information is available at the click of the mouse, provided one has the perspective to seek out the appropriate kind of information. Even though the information from the website of the National Federation of state co-op Banks is dated, it is possible to track credit availability for each and every primary society in the country.

What does one say? Even as the quantum and quality of credit to the poorest farmer declines, one is at least aware of what is happening, and will not to have to wait for a decade to take corrective steps. For, while IT by itself cannot be a panacea for all the ills in society, it can point out the fault lines before the cracks become too wide to be breached.

The other important issue on the supply side of agriculture is provision for fertilizer in which the co-op sector is doing quite well, especially in the case of urea. Not only is the entire supply position available, the demand projections from the states are also available by hitting the appropriate links. IIFCO has extended the IT function beyond its own needs - by reaching out to its primary societies and establishing IT kiosks for farmers which

give them information about crops, weather, insurance, market prices, Mandi arrivals and open up several other possibilities. This is where we score over China, for we are in a position to aggregate the demand based on the 'needs' of the primary co-ops. However our failing is that we cannot address the issue. We are better at identifying problems; the Chinese score over us in finding solutions to 'imagined' problems. If only the twain could meet!

On the marketing side, we are better because the market system is more organised. The NAFED website for instance gives the daily prices of a range of non cereal commodities - from cotton to gur to oilseeds and jute. It also opens the link to the MCX - the Multi Commodity Exchange and the SNX - the Safal National exchange on which the farmers Self Help groups, co-operatives and traders associations. It is now possible for farmers to go in for spot trading (with delivery) in potatoes, bananas, apples, mangoes and other perishables. Together these two exchanges allow the farmer to engage in 'price discovery' and plan their transactions. Under the NeGP, the IT kiosks that are coming up throughout the country can act as the nodal centres and connect the farms to the markets.

Herein lays the problem - the gap between the capability and potential and the actual reality of IT applications in Indian agriculture. Even with all this IT enablement and infrastructure, why is the small farmer's share in credit going down? Why is corporate and contract farming the new silver bullet? Why are Ag co-ops not growing? Why is the farming profession losing out to manufacturing and industry? This column will reflect on all these issues over the coming weeks, but my next report will be on the role of Ag co-ops in China, and the best practices that can be shared across borders!

Till then, Cheers!

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