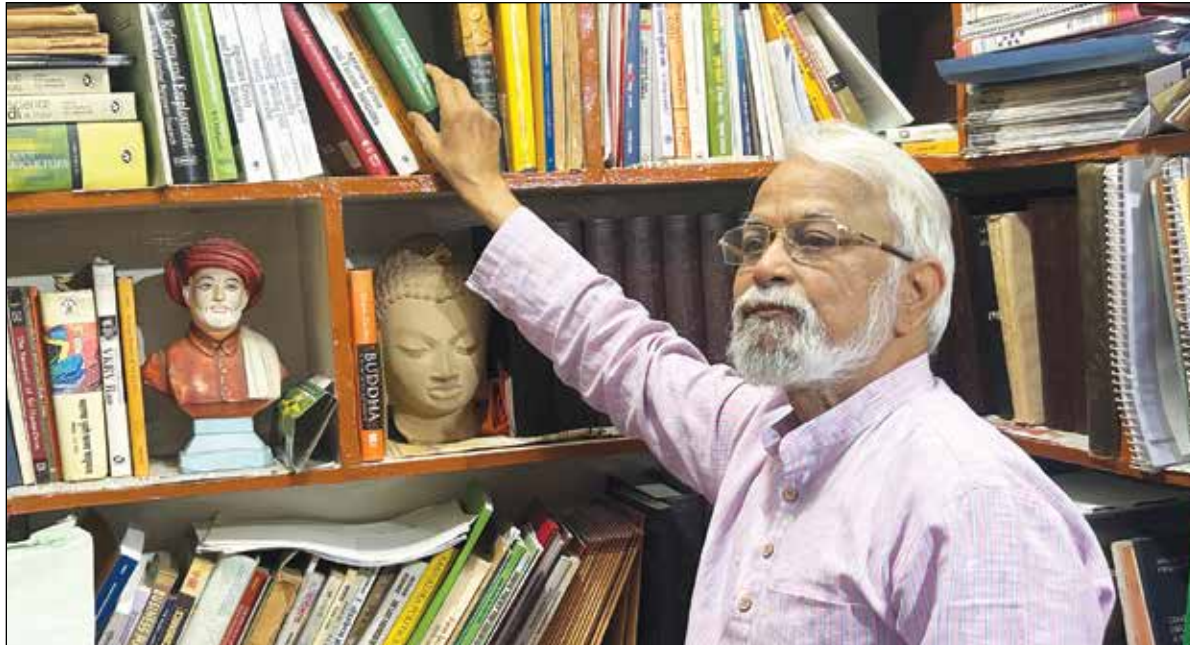




# Talking To Professor R. S. Deshpande

## A Lifelong Voice for Agricultural Policy



Professor R. S. Deshpande is a distinguished agricultural economist and policy expert. He is an Honorary Visiting Professor at the Institute for Social and Economic Change (ISEC), Bangalore. Throughout his career, he has held significant roles in academia and policy advisory roles, including the Director of ISEC, Founder director of Dr B R Ambedkar School of Economics and Rajiv Gandhi National Fellow at the Indian Council of Social Science Research (ICSSR). His expertise covers a broad spectrum of agricultural economics, including rural policy, watershed development, trade and WTO agreements, and agrarian change. As the principal architect of Karnataka's Agricultural Policy (2006) and a trusted advisor to both the Government of Karnataka and the Ministry of Agriculture, his work has had a lasting impact on policy formulation during the Planning era. Despite these contributions, he remains candid in his assessment that India lacks a comprehensive agricultural policy, highlighting gaps in planning and execution.

Professor Deshpande has authored 22 books and over 132 research papers. He has mentored numerous scholars, many of whom now hold

prominent academic positions. His influence extends internationally, having served as a visiting professor at institutions in Canada, France, and Sweden and as a consultant for organizations like the World Bank and Asian Development Bank.

Beyond academia, he has played a vital role in institutional development, spearheading significant expansions at ISEC and championing initiatives like the Social Science Talent Search Scheme. A recipient of multiple awards, including the Sir M. Visvesvaraya Global Leadership Award and the PNASF Gold Medal, he continues to shape discourse on India's agricultural future. Interestingly, he is also a poet and an artist, blending intellectual rigor with creative expression.

### Contact information:

Phone: 080-2321 5555

Mobile: 98454 36096

E-Mail: rs(dot)kalbandi(at)gmail(dot)com

Address: No. 405, 5th Main, 10th Cross  
Teachers' Colony, Nagarabhavi, Bangalore 560 072

I met with Professor R. S. Deshpande one evening in January 2025 for an engaging and insightful conversation. I learned a great deal from him that day. With over 40 years of experience in agricultural policy-making, he has a wealth of knowledge to share. He was open, candid, and forthright in expressing his views. Throughout our discussion, he would often get up to share books from his extensive collection on agriculture in India. One of the key questions he's passionate about is whether India has a clear agricultural policy and why such a policy is necessary. Here are some excerpts from our conversation:

### What is the agricultural policy of the Government of India?

At the Government of India level, there have been



*The main issue is that there is no unified long-term roadmap for agriculture at the central or state level. There are fragmented policies—one for rain-fed agriculture, another for disaster management, a separate one for irrigation, and another for fertilisers. These are all just pieces of a big jig-saw puzzle. There is no integrated approach with a long-term vision.*

of agriculture, but there was no effort to create a comprehensive agricultural policy. Agricultural policy in India has always been fragmented—someone fixes the bathroom, someone else the WC, someone else repair the gallery and someone else the front porch. There has never been a systematic, long-term, comprehensive and coherent policy document, neither for the long nor for the medium term.

The final Swaminathan Commission report was an enormous document of five volumes spread over about 1690 pages. But who will read all that? A small summary is available with hazy points put together. I was part of one subcommittee for a while before I quit. The final report tried to please everyone. About 140 scientists contributed each writing a few pages, two pages, ten pages, 15 pages—some even 45 pages—all compiled together and put in five volumes.

*What basis does the government spend its funds on agricultural activities? It's all ad hoc scheme-based—just a few small ideas here and there, but no comprehensive policy.*

three attempts to prepare an agricultural policy. The first attempt was during Deve Gowda's time as Prime Minister. It was a small, 10-page document that was never presented in Parliament. After his prime ministership the immediate government didn't bother about making any policy.

In 1999, during Vajpayee's government, another policy was drafted, reportedly contributed by Prof Ashok Gulati. At that time, I wrote critically about this policy, calling it a "hold-all policy" in the sense that it included everything good that should be done but lacked in-depth thinking. Nobody discussed it seriously, nor was it ever placed as an official document.

Then came the Swaminathan Commission, which produced various documents on different aspects

Who were the people on the committee? Agricultural economics is a specialised discipline. Professor Swaminathan only knew about agricultural economics but was not an agricultural economist by training or profession. He was an administrator and director general at ICAR. Knowing about a subject from readings and being an expert in it are different things. Everyone claims to know agricultural economics—politicians, pathologists, and almost everyone else. Even our Chief Minister Shri Siddaramaiah also knows agriculture economics very well. The only true economist on the committee was Dr Y.C. Nanda, who was included because he was the former Chairman of NABARD and specialised in agricultural credit. Apart from him, the rest were agricultural scientists from various disciplines.





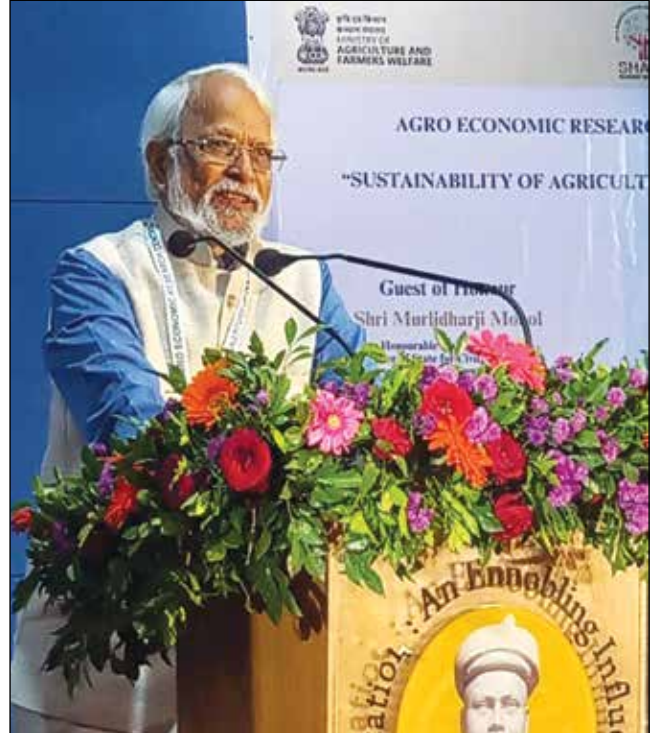
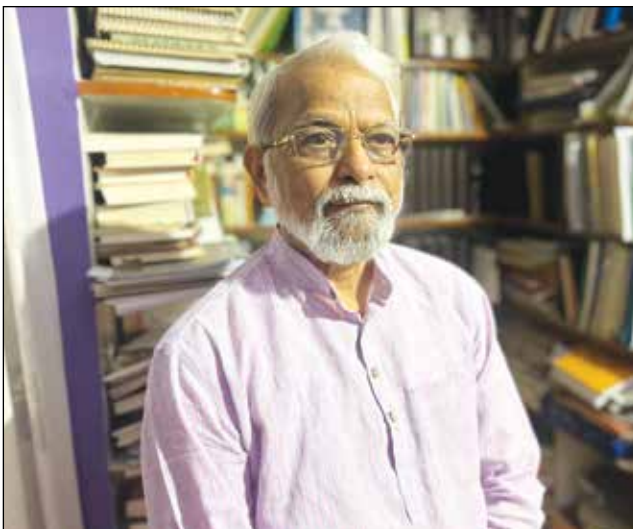
## Agriculture Policy & Polity

*The agriculture ministry was renamed to include 'welfare'. We first recommended this change in 2002 (Report on Farmer Suicides Karnataka), but it only happened sometime during 2015 or 2016.*

A policy document needs to be written by someone with expertise in agriculture and economics, and a long-term vision for the sector formed by discussing threadbare at various levels beginning from the village. That expertise was missing.

At the first meeting in Delhi, I pointed out that agriculture is a state subject, as stated in the Seventh Schedule of the Constitution. I emphasised this every time. When the 1999 policy was being prepared, a National Development Council (NDC) meeting was scheduled in Delhi. The NDC meetings are supposed to happen annually, though they rarely do. At that time, Karnataka's Chief Minister, Late Shri S.M. Krishna, was attending the meeting. He called a discussion and asked me, "Professor, have you seen this policy?" I said, "Yes, I have." I pointed out that agriculture is a state subject and that the central government has no authority to draft state policies for agriculture without a broad consultation. The Constituent Assembly debates state that agriculture should be a state subject because state governments are closer to farmers and understand their problems better than the union government. Therefore, it was put in the Seventh schedule under the state list.

The CM asked me to write two pages summarising this argument, which he read that in the meeting. He even reminded Vajpayee Ji, saying, "You have no constitutional authority to prepare an agriculture policy for the states. We must prepare that of our own."



The NDC is a powerful body created by the Constitution of India to discuss the country's development path in consultation with all Chief Ministers. But in reality, these meetings are rarely productive. They meet, discuss, and then return without any meaningful outcomes. Have you ever seen the published NDC meeting minutes? Have you ever seen them reported in newspapers? I did not see them.

The only NDC meeting widely reported in the media was when Dr Manmohan Singh convened a special meeting. I was present in the corridors as a witness. That was when Situation Assessment Survey of NSSO revealed that almost 40% of farmers wanted to quit agriculture. In response, Dr Manmohan Singh initiated the Rashtriya Krishi Vikas Yojana (RKVY). Late Professor Abhijit Sen, a member of the Planning Commission, and a few of us worked together to put up a draft of the RKVY Scheme. The principle of RKVY was to enhance productivity on the lands of marginal, small and medium farmers. But the policy outcome did not fulfil the expectations. The CAG report later revealed that most funds were spent on steel, cement, oil, and vehicles—rather than productivity enhancement. So, nothing changed!

You are speaking to someone whose life has been dedicated to this field so that I could go on and on, but I must restrict.

### **What is your main concern with the Government of India's agriculture policy?**

The main issue is that there is no unified long-term roadmap for agriculture at the central or state level. There are fragmented policies—one for rain-fed agriculture, another for disaster management, a separate one for irrigation, and another for fertilisers. These are all just pieces of a big jig-saw puzzle. There is no integrated approach with a long-term vision.



## Agriculture Policy & Polity

*I believe we need transparent agricultural tenancy markets, and this can be achieved with a new phase of land reforms.*

There is no cohesive agricultural policy because the “polity”—the overall political system and governance structure—dictates how policies should be implemented and enacted. Any policy defines “what” needs to be done, while the “polity” and bureaucracy determine “how” governance functions within the system.

There is no need for separate departments for rural development, agriculture, irrigation, fertilisers, etc. These departments do not have a permanent and regular communication channel with each other. Even the Ministry of Commerce, which handles international trade, was not able to coordinate with the Ministry of Agriculture. This happened when I was attending a meeting at Krishi Bhavan, and the subject was India signing a WTO agreement. When we were to speak about the Agreement on Agriculture, I asked for a draft of the Agreement on Agriculture (AOA).

Nobody present in that meeting had any idea that it was in the Commerce Ministry. We had to send someone to borrow it. The Commerce Ministry said they would send it the next day. It took an entire day to get a copy of a document. This is precisely where “polity” comes into play. Each ministry operates as its power centre, unwilling to allow interference from others. If I am in charge of the Fertiliser Ministry, I do not want the Agriculture Ministry dictating my decisions. But shouldn't the Agriculture Ministry be aware of it if we negotiate an international agreement on agriculture?

Implementation doesn't happen because one has to listen to others (various administrators from the different departments) to make it work. But the person in charge thinks that my brain is competent enough. Why should I listen to some other person?

See, power lies here. Policy and politics crisscross, with the power of implementation at stake. These are the two concepts that come between a policy and its implementation. That's where it gets stuck.

You are speaking to someone with 45 years of experience in this field. When you mention a topic, I can pull out a relevant document. (Reaches for a book on the shelf.) When I presented this book to the Agriculture Secretary, it contained the results of a survey we conducted in 11 states, directly asking farmers about the impact of MSP. This report recommended the revamping of the MSP scheme as it benefits only a small percentage of farmers. That was the conclusion. The Ministry responded, “This report should not be published or shared with anyone.” So, I have the only copy.

This is the reality. We need to correct, factual information to shape actual policies.

### **Does Karnataka state has an agriculture policy?**

Karnataka's first agriculture policy was implemented in 1995 during Deve Gowda's tenure. It was followed by another in 2006, which ended its tenure in 2016.

I was tasked with drafting the 2006 agriculture policy document for Karnataka. Possibly, I only have one copy.

This was prepared for the Government of Karnataka. I initially thought of including my poem in it, but then I felt it would be awkward to include poem in a government document. The policy was finalised, and they acknowledged my contribution. It was released in Vidhan Soudha with all the formalities—Phetta, Shawl, etc. But after that, I have no idea what happened—whether they implemented it, kept it, or threw it away.





## Agriculture Policy & Polity

*With a population of 7.24 crore and food grain production of 143.68 lakh tons, Karnataka's per capita availability falls short of the required amount. If you divide total production by the population, you'll see that we don't produce enough to meet our needs.*

There was no agriculture policy after 2006, and no effort has been made to set one since then.

What basis does the government spend its funds on agricultural activities? It's all ad hoc scheme-based—just a few small ideas here and there, but no comprehensive policy.

Last year's Karnataka Economic Survey cleverly avoided providing any direction towards policy. It simply did not even mention it. Instead, it just reported statistics. Strangely, the Economic Survey referred to ragi—a crucial food grain for Karnataka—only a few times, even then, without providing any data about it.

### **Many politicians today come from rural backgrounds, so they must have some incentive to implement pro-farmer agricultural policies?**

This is not the case. Today, farmers have become mere coins in a transaction, like an exchange for power. They only have voting power. Politicians want to buy something—power for their positions. How do they get votes? From the poor, from the farmers. These are the coins, and they are spent on them during every election to earn votes, which ultimately brings power. The real issues of farming? No one champions them. No one speaks about these.

If anyone had championed these causes, it would have been the first agriculture minister of this country, Late Dr Rajendra Prasad, who introduced the first resolution in Parliament on crop insurance. But this was defeated. Prime Minister Nehru opposed it, saying it couldn't be done due to administrative difficulties. Despite the rhetoric of 'everyone is for agriculture,' there was no real push for change. Visionaries were scarce, and now, after 75 years of independence, we still talk about it. What did our first prime minister say? He exclaimed "Everything else can wait, but not agriculture",

And now, after 75 years later, agriculture is the only sector that has been waiting for the proper long-term vision. If you look at the period from 1947 to 1964, the fundamental problems in agriculture weren't even addressed. The challenges at independence were clear: food insecurity, dependence on import of food, institutional insufficiency, lack of universities and colleges, absence of technology, no proper extension

programs to train farmers, insufficient irrigation, and a lack of fertilisers. Farmers remained stuck at the same level, with no real progress.

In the first parliament, only 22.5% of members had agriculture as their profession, as declared in the election affidavit. Now, 53% of parliamentarians are agricultural professionals, yet agriculture policy still doesn't get the attention it deserves.

The general perception that we once had a food shortage but are now self-sufficient is misleading. Food is there, yes, I can fill my stomach because of the farmers' efforts. But has the farmers' welfare improved? The farmers' hard work should be rewarded with their welfare, but this is missing.

The agriculture ministry was renamed to include 'welfare. We first recommended this change in 2002 (Report on Farmer Suicides Karnataka), but it only happened sometime during 2015 or 2016.

### **How does making agriculture policy work in other countries?**

In the U.S. Department of Agriculture, there is a dedicated section—almost an entire building—devoted to agriculture policy. The same is true in Canada, where Agriculture Canada has one full floor in a six-storey building focused entirely on policy. Their job is to sit, think, and create a future roadmap.

I once met an Indian, Dr Shankar Narayan, who was heading that section. He took me through all the desks,





explaining: “This person handles fertilisers, this one handles another aspect, this one does this...” I was surprised at how structured and comprehensive their approach was. They even had a system where every farmer was on record and could be reached instantly. If I needed any data, I could get it fully computerised and updated within a day.

We can't do that in India. We have an enormous number of farmers, and frankly, we don't efficiently provide data even when available. If you ask me, I might not give it, even when I have it and it is free of cost! Our data collection, planning, and policy-making mechanisms are all disconnected. These three should be integrated into a dedicated policy cell within the Department of Agriculture. Most importantly, politicians should be kept away from it.

Politicians can be consulted, but they should not dictate policies or data. That's where things go wrong—policies fail because of political interferences. When the 2006 agriculture policy was drafted in Karnataka, there was both a Chief Minister and a Deputy Chief Minister at the time of release. The Chief Minister liked it, but the Deputy Chief Minister didn't—so the policy was buried in a dungeon!

NITI Aayog is supposed to provide input for agriculture policy. Yes, they publish papers, but these are sporadic and not part of a long-term, consistent vision.

Shockingly, there isn't even a dedicated policy desk in the Agriculture Ministry in Delhi.



*Take, for example, the Late Mr Dadaji Khobragade, a farmer with just a 7th standard education and 1.5 acres of land. He developed 19 varieties of rice, all of which are being used by farmers. Compare this to agricultural universities—they have released thousands of varieties, yet only a few are widely adopted.*

### What is the current situation of farmers in Karnataka?

There are 65 lakh cultivators in Karnataka today. Karnataka, possibly after Rajasthan, has the second-largest rain-fed area in India. Karnataka's agriculture sector has had a rough time recently, with a growth rate (decline) of minus 1.7 per cent (2022-23) and minus 5.6 per cent (2023-24), according to the Economic Survey of Karnataka. So, for two consecutive years, we have posted negative growth rates. However, this is not being discussed by politicians—either because they are unaware of it or because they suppress the fact.

So, it is clear that in the coming year, we must be prepared to stimulate the primary sector or prepare 65 lakh cultivators to pull out those who are in severe distress.

By stimulus, I mean investment—especially in necessities—simple things, like the timely availability of seeds and fertilisers and water. Electricity should be available so that farmers do not have to wake up in the middle of the night, at two o'clock, to switch on the motor. Sometimes, they get lazy and don't turn it on, and as a result, the crops receive water at the wrong time, leading to low yields. So, when I talk about stimulus, I mean investment in these basic amenities.

We cannot just give money. What we need to do is regulate the supply. The stock is there, but the supply is not timely. There is always a gap between the time of need and supply. This has been happening for years. The reason is market manipulation—prices go up when you clog the market. Then, supplies are sold through underhand deals. When the traders introduce an artificial shortage of urea, and when it is unavailable in the market, the farmer has to buy it at one and a half times the price. Then, urea is released when it's not needed. That is how market operations work.

I have always been critical of market functioning. I have seen markets closely, and marketing is the major bottleneck of Indian agriculture. The Karnataka cabinet cleared the 2003 APMC Reforms to improve contract farming and protect farmers from land alienation as a result of contract farming. Three-party contract farming—the contract farming will include a triparty



contract contractor, contractee, and the government. In the 21 years since different political parties have come to power and gone, but nobody has bothered to act on it.

Another issue in Karnataka is, according to the population census, between 2001 and 2011, the number of cultivators in Karnataka decreased from 68.84 lakh to 65.81 lakh—a reduction of 3 lakh cultivators. Where have they gone? They are here in Bangalore. Either they sell off their farms, or there is a slow process where they still own the land but no longer cultivate it.

These small and marginal farmers (rural landowners) live under urban skyscrapers today. Their land in the village is cultivated by someone else. But the person cultivating the land now—since he does not own it—is not cultivating it efficiently. A tenant cannot be an efficient cultivator unless the tenancy contract is shared with a government guarantee.

### **What are your views on agriculture tenancy laws in India?**

I believe we need transparent agricultural tenancy markets, and this can be achieved with a new phase of land reforms.

Land is subject to state control in India, and the relationship between production and land tenure varies from state to state. National land reform policy recommendations have led to differential tenancy laws in each state. National policy should have followed the J C Kumarappa Committee recommendations given to CWC in 1949.

Well-known economists Prof. M.L. Dantwala and Prof. V.M. Dandekar debated this during the sixties. The debate was about whether the tenancy market should be free—this was Prof. Dandekar's argument. He believed tenancy should be allowed to operate in the market but with state control. Further, we should allow free, transparent, and recorded tenancy. But in most states, including Karnataka, agricultural tenancy has been stopped. We have no recorded tenancy. This

has led to widespread unrecorded tenancy in many states, particularly in Andhra Pradesh, Maharashtra, Karnataka, Odisha etc. This is why, if a tenant commits suicide today, nobody bothers as it is not recorded as farmer suicide. It is not even treated as a farmer's suicide for compensation but as a labourer's suicide. I wrote an article titled "Land Policy Issues in India" for the Asian Development Bank about 15 years ago. In that, I discussed how tenancy regulations vary across Indian states.

### **Is India self-sufficient in food?**

With a population of 7.24 crore and food grain production of 143.68 lakh tons, Karnataka's per capita availability falls short of the required amount. If you divide total production by the population, you'll see that we don't produce enough to meet our needs. As a result, we depend on the Union Government for PDS rice, wheat, and other grain supplies from other states.

This is not just a Karnataka issue—it's also true at the national level. Across India, the area under food grain cultivation is shrinking. Therefore, even though there is self-sufficiency by showing per capita availability, that is a mirage. We do not have that picture in every part of the country. What do we mean by food grain self-sufficiency? Do we have enough food stocks today? The idea of self-sufficiency is often reduced to a simple arithmetic calculation: dividing total production by the population to get a per capita availability of 300-400 grams per person per day. But is 400 grams enough? That is a significant question: Will that meet our nutritional requirements? Is the real issue?

Punjab plays a crucial role in filling this gap—it produces a surplus of food grains, which helps cover

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deficits in other states. Our shortfall is managed through PDS-supplied wheat and rice. But when we factor out Punjab's production, India does not have enough food to meet its needs. We should not assume that we have as much food as we require—we don't, and we may soon face acute food shortages.

### **Hasn't the Indian agricultural science community played a key role in increasing the food supply?**

I have written that our scientific community's contributions through research are more supply-driven than demand-driven. Most scientific contributions are provoked by funding agencies and funded research.

The supply-forced contributions can be understood with an example. I have invested significant effort in preparing Ragi Mudde, maybe even Natti Koli (which you might dislike), but you reject it. The same applies to agricultural research. So much money is spent on developing new crop varieties, but the farmers pick only a few out of a thousand varieties released by the scientists, as the rest are not valuable. As a result, the investment in the other 999 varieties is wasted. What remains? Just research papers, books, and someone's bio-data. But what impact has it made on the farmer's life? The answer is negative.

Take, for example, the Late Mr Dadaji Khobragade, a farmer with just a 7th standard education and 1.5 acres of land. He developed 19 varieties of rice, all of which are being used by farmers. Compare this to agricultural universities—they have released thousands of varieties, yet only a few are widely adopted. What is the economics of this in terms of wasted investment? This is the question we should be asking our technologists.

Agricultural universities are not like general universities. Bangalore University and Oxford are knowledge universities. Agricultural universities are service-based universities; incremental knowledge

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is an essential outcome that should be usable by the farmers and the main stakeholders. Agricultural universities are service-oriented institutions, just like engineering colleges. They exist not just to acquire knowledge but to serve the nation. The mission of these universities is not to store knowledge in books and research papers but to translate it into real impact, translated into better livelihoods for the stakeholders.

Whenever I visit agricultural universities, I am amazed at the potential and exclaim, "So much can be achieved!" But when I return to the farmers, I realise how little has reached them. It makes me wonder—where do we truly stand? Are we on the side of progress, or are we just fooling ourselves?

### **Farmers, particularly in Punjab, are demanding a Minimum Support Price. What are your views on this?**

In Punjab, farmers often prefer to sell at a Minimum Support Price (MSP) even when market rates are higher. That was precisely my question, and I investigated further. I went to Ludhiana Mandi and sat there talking to people. At that moment, a tempo arrived carrying 100 quintals of wheat. The driver got down, handed the tractor keys to someone else, and came to sit by my side.

I asked him, "Are you the cultivator of this wheat?"

He replied, "No, I'm just an aggregator. I collect wheat from different farmers and bring it here."

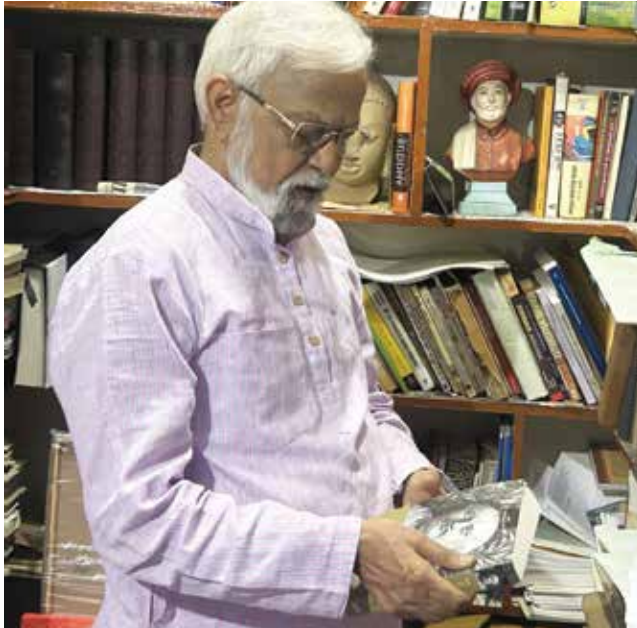
I asked about the quality of the wheat. He admitted it was C-grade and said he was not getting a reasonable price in the open market. Just then, a small slip of paper arrived, marking the consignment as B-grade, which meant about ₹10 per kg price increase!

In the open market, low-quality produce wouldn't even be bought. But here? The same low-grade wheat gets sold at MSP.

But that wasn't the end of it. The tempo was taken to the weigh bridge, and another slip of paper came back, showing the weight as 120 quintals instead of 100. The aggregator collected his cheque, reached into his pocket, pulled out some currency notes, handed them over, took his keys, and left. That shows a well-oiled corrupt system operates in agricultural markets







If this happens, there is a vested interest in keeping the system as it is. When they tried to stop it, the primary beneficiaries got upset. Otherwise, how could a farmer leave his farm for a year to protest? Farmers cannot afford to be away from their fields for that long. The agitation was most vigorous, where MSP mattered the most. There were hardly any noteworthy protests in other regions where MSP had little impact.

I have said this before—MSP is like the “moon in the mirror.” It should be reformed thoroughly. It benefits only a small percentage of farmers.

I wrote this book, “Moon in the Mirror: Impact of Minimum Support Prices in Karnataka.” This phrase comes from a story in the Ramayana. As a child, Rama was crying inconsolably. His mother couldn’t quiet him. Then, his father took a mirror and showed little Rama the Moon in it as a reflection. In his hand, little Rama, thinking he had the moon, calmed down and fell asleep. MSP is just like that. It only raises psychological hope but fails at the altar of implementation.

That is MSP. A reflection of support that doesn’t exist. Farmers are told, “Look, we are helping you!” But in reality, the impact is nothing.

### **Free agriculture market prices: Why do farmers everywhere complain of poor market prices for their produce?**

I have always had a strong aversion to Western economics. In my lectures, I emphasised that we’ve been taught wrongly. The concept of a market where demand and supply dictate prices doesn’t apply here in the Indian market, which is dominated by intermediaries.

*I have said this before—MSP is like the “moon in the mirror.” It should be reformed thoroughly. It benefits only a small percentage of farmers. There is a vested interest in keeping the system as it is. When they tried to stop it, the primary beneficiaries got upset.*

In India, especially in agricultural markets, there are cartels. Market forces do not determine prices; they are set by someone else. And the decision-makers are often the most influential players in the market. This is the reality farmers face.

Intermediaries exist everywhere—politicians, input suppliers—you name a sector from religion to social engineering, they matter the most. The farmer is a price taker on both sides. On the input side, prices are dictated by others—like for fertilisers, pesticides, irrigation, wages, and even electricity rates—all prices are dictated by the suppliers. The farmer has no say. Then, on the production side, when he takes his produce to market, buyers again dictate prices.

Finally, the farmer remains the price taker on both sides. In both cases, middlemen profit. If you buy something without a receipt, you get it cheaper. If you want a receipt or need something urgently, you pay more. The market intermediaries’ control both markets, and the ones benefiting are not the farmers.

I worked with the Competition Commission project on the onion markets and visited many Mandies. Onion prices defy textbook economics. There’s no precise supply-and-demand mechanism at play. Instead, they’re primarily controlled by intermediaries. The market chain stretches from the local Yeshwanthpur market in Bangalore to Azadpur Mandi in Delhi, with Lasalgaon in between. The intermediaries largely determine the price.

I wrote about this some time ago. We tend to think multiple buyers are in the onion market, but that’s not true. White-collar urban individuals wonder how a few people can control prices in such a large market. However, a professor has argued that there’s no cartel in the onion market. I spent time at the Lasalgaon Huballi and Yeshwantpur markets and observed the reality: the prices are set by a handful of buyers. When one trader gestures, it signals a price change, and all other trader’s representatives quote the same price. While there may not be a formal cartel, a simple hand gesture is enough to fix the price. This is how intermediaries control prices and prevent them from rising.

Not long ago, I lectured on fieldwork and how crucial it is to keep your eyes and all senses wide open and fully alert while doing fieldwork in rural areas. For example,



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the language used in farm produce marketplaces is often difficult to understand.

### **You talked about the incorrect methodology of reporting agriculture statistics. Can you explain this?**

There is a fundamental methodological flaw in agricultural statistics, including the computation of growth rates in India and elsewhere. I pointed this out to the Rangarajan and Radhakrishna Commission on Statistics.

The flaw is that growth is measured based on the previous year's progress in any other industry. It is built upon last year's fixed capital, working capital, and labour power. All that stays the same; above that, productivity or production takes place the following year. So, growth is based on the accumulated capital and knowledge over the previous year, and therefore, year-on-year growth rates look fantastic for other industries.

Agriculture does not operate similarly. Agricultural production does not grow based on the previous year's growth. The entire input structure undergoes a complete change in every component. Cultivation is a fresh production process every year with new inputs and new labour (not decided on last year's number). If we calculate growth year-on-year, even if last year was expected (bad) and the current year is slightly better, the growth rate jumps heavily. Or, if last year was terrible and this year is just near normal, the growth rate still appears enormous. Therefore, agricultural growth is elastic for climatic and other conditions, which change yearly.

There is always some initial stock of inputs in other sectors. These continue almost similar quantum, and growth is measured above that. GDP in different sectors is not a fresh year—it builds on an existing stock. In the agriculture sector, land conditions reset every year—whether the rains or not decides the land quality for that year; if it does not rain, the land is dry. We do not know farmers' exact amount of working capital before each crop season. If the preceding season is a drought, working capital depletes. The same applies to labour availability—if there is a drought in June or July, labourers migrate elsewhere for work to urban areas. So, each time agricultural growth happens, it is a fresh



event. Nobody has considered this error in computing the growth rate for the farm sector, not even the earlier generation of agricultural economists. They calculate year-on-year growth rates and go ahead with it.

I come from a physics background. I entered economics from physics, and I started questioning many things. For instance, even phrases like “we spend 3% of GDP” are incorrect. Where is GDP stored? Is it only an estimate on paper? We do not actually “spend out of GDP.” The correct phrase should be: “We spend 3% of the revenue.” These are the kinds of fundamental questions I have about economics.

I suggested a new method of calculating multiple-year rolling growth rates for the agriculture sector. This would account for the dramatic yearly fluctuations. Also, the period should vary depending on the frequency of droughts for each state. For Karnataka, the probability of drought is 20%, meaning one year in every five years will be a drought year. Therefore, reporting growth rates based on agricultural statistics every five years will normalise these fluctuations.

This is the methodology I proposed. After I presented it in four or five lectures, it was used in one or two research papers. I am open to anyone using my ideas. One significant person at NITI Aayog used it. But after that, nobody bothered about it. And now, just like I am talking to you, nowhere in the world is it implemented.

**This interview was conducted by Kartik Isvarmurti, Managing Editor ( [kartik@vmg.net](mailto:kartik@vmg.net) | [www.agricultureinformation.com](http://www.agricultureinformation.com) )**