

# Business Line

## The nutri-cereal challenge

Shashanka Bhide, March 9, 2011



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*The small allocation in the Budget for the nutri-cereals programme points to a mismatch between nutrition goals and the commercial reality of farming.*

It will require a sustained, long-term effort to develop a sustainable nutri-cereal sector that meets consumption

demands as well as benefits the cultivators and investors.

While Government Budgets put the weight of money behind ideas that are articulated as policies, this year's Budget proposals suggest that there are many directions in which we wish to move our agriculture but, as may be expected, there is not enough money for all the good ideas.

Relative to the push for cheaper institutional credit to farmers, the other new initiatives are tentative steps. The new initiatives, however, point to the need for more careful planning in the allocation of such scarce resources as land and water. The use of these resources will not remain static. Policies will have to balance the use of these limited resources among competing needs as there will be changes in consumer preferences, trade options and emergence of new technologies.

Among the various directions in which the Budget proposals have sought to influence crop production choices by farmers, the programme for nutri-cereals appears to be one with several potential implications.

While the allocation of Rs 300 crore for 25,000 villages is small, if it is spent on market development, the impact may be valuable for further support. But yet, the small allocation points to the unsettled state of thinking on matching nutrition goals with the commercial reality of farming.

## **Livestock feed**

The coarse cereals and pulses could not compete effectively with the yield or price advantages of the other crops such as rice, wheat, cotton or oilseeds despite their better nutritive value. The return of attention to the nutrition value may, in fact, be a reflection of rising prices of livestock products.

The coarse cereals, or nutri-cereals, also form the feed for livestock, not only the grain but, more importantly, also the stalk. The commercial value of coarse cereals has not been tilted as much from livestock demand as it has in the case of oilcake. The export demand for oilcake increased the value of oilseed production to the farmers significantly. In the case of fodder or feed from the domestic market, this has not been enough to stir the demand for coarse grains.

The current phase of rising demand for livestock products shows that feed and fodder may now become a constraint in raising production. The policy interest in improving the commercial conditions for coarse grain production, in the Central government Budget may not, therefore, be entirely surprising. It would not be just the nutrition in nutri-cereals that is likely to drive their production but also demand for income-elastic livestock products. Increased livestock production will require feed and fodder.

## **Land, water availability**

But the pulls of many directions, evident in the Budget, also point to a broad challenge. It is one of limited and shrinking availability of land and water. It is also one of efforts to improve farm incomes when there are sharp changes in demand conditions. While the coarse cereals are at present grown, to a large extent, under rainfed conditions, with sufficient economic incentives, use of irrigation for these crops is not unrealistic to expect.

Better economic returns for the producers of these crops under rainfed conditions would have improved the lot of the farmers who cultivated crops at the lower end of the spectrum of commercial returns. But the logic of market infrastructure, transportation of both the livestock output and feed will require large investments, both on and off the farm.

The individual farms, barely surviving in the present rainfed conditions, may not be able to undertake such investments. Instead, the farmers growing other crops may switch to nutri-cereals as they become more profitable to cultivate. It will require a sustained long-term effort to develop a sustainable nutri-cereal sector that meets consumption demands as well as benefits the cultivators in the less advantaged agronomy. The support for oil palm plantations, growing of pulses and vegetable clusters, besides the search for overall food security reflects the recognition of the need to raise production to meet the growing demand for a range of farm products.

## **Higher productivity**

Although the requirements of specific agro-climatic conditions limit the potential for substitution of crops with one another by farmers, it is likely that there will be unexpected changes in the crop production patterns as consumer preferences change.

As farmers close to the metros part with land, not only to meet the spread of urban areas but also to vegetables production, farmers further away may take up crops that lose out to vegetables and urban development. Increased production of everything that we consume will require either higher productivity from increasingly limited land and water or more of these scarce inputs.

Improving the capacity of the farmers to make smart decisions on crop choices will become as important as cultivation. In fact, the returns to public investment in the development of market infrastructure will be reasonable only if these investment decisions are consistent with the dynamics of agriculture resulting from the constraints imposed by limited and declining availability of land and water.

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