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Synthesis, way forward, and IFPRI engagement in Odisha

Raising farmer incomes (RFI): Cornucopia of strategies

RFI is essentially a growth problem as it depends on rise in farm incomes.

From deliberations - It requires concerted, coordinated, and comprehensive effort (CCC) across sectors, departments, and jurisdictions i.e., operational convergence.

Heterogeneity (with granularity) as RFI is pan Odisha target, it inherently involves economic growth convergence as well across areas.

Variation in growth and rate of growth need to converge across Odisha. As RFI strategy, it leads to the fundamental question on what are the drivers of growth?

Work and way forward

Continuously assess the drivers of growth across different sectors.

RFI strategy require both core as well as complementary interventions

A robust system of monitoring and evaluation to decide on opportunities for scaling out needed.

There are possible multiplier effects through government schemes like KALIA-

Understanding what incentives are being generated, policy and behavioural offsets

Intended and unintended consequences

Need to create markets where they are missing

Need economic analysis of all the policies- micro irrigation,

What do economic analyses entail?

- **Address the mechanism design and incentive issues in adoption or implementation across different sectors,**
- **Identification of target areas, locations.**
- **Assessing constraints and opportunities.**
- **Realizing the need for a CCC policy interventions**
- **Assess the areas of growth potentials and the possible suggestions for policy actions.**
- **Both sector specific interventions on the input as well as output side in conjunction but also recommendations that are broad based and cross cutting**
 - **Institutional changes like farmer organization, marketing policies, non-farm sector and infrastructure and institutional changes in irrigation**

Growth as precondition? How do you assess potential

- **Glean from long term credentials- in leguminous crops with secular LDIP in Odisha-Horse gram, groundnut and Urad. Moong holds promise**
- **Draw from reversals and upticks with policy change- example of Ragi- recent uptick with millet mission**
- **Which margins are driving growth- Unexploited unbridged value frontier- Ordinal comparisons- maize in Odisha vis-à-vis Bihar , turmeric in Odisha**
- **Are the incentives aligned?**
- **Learning as much from own failure as well as successes of others**
- **Learning from best practices and performance globally**

Requires a portfolio of interventions but there are core interventions by case

Technology interventions with improved seeds and other inputs (irrigation-in horticulture in Odisha).

- In maize and cereals like Rice and Raggi-market linkages for price realization.**
- Despite the strength of decentralized procurement in paddy in Odisha, the price realizations continue to be subpar.**
- Rapeseed and mustard and potato, price realization in Odisha have been comparable with similar states-learn from these cases and how to move nearer to the frontier**

Contd..

Livestock- technology and credit – fund intensity and discrete losses-fisheries – new markets

- All sectors – risk management and extracting Odisha premium**
- Avoiding subsidy syndrome**
- Policymakers – internalize general equilibrium- researchers- internalize political economy and constraints**

IFPRI and GoO

- **Solving the matching problem**
- **Collaborative work based on comparative advantage (opportunity costs wise)**
- **Two-way capacity strengthening**
- **Identify constraints and opportunities value chain wise- new product and new market margins**

- Most FPOs in India have not scaled up,
- have not been value creators through product differentiation and
- have not been able to target new markets.
- Most FPOs have short lives that often tallies with funding cycle which is counter to a system for growth.
- Reasons for this-mechanisms of formation (how promoters are selected, what is the funding mechanism), size, composition of members and the system of incentives.
- Without monitoring if promotional funds are allocated then FPOs are established but tend to not deliver on farmer/member benefits and generally do not work as driver of income growth.
- The promoters/managers get the greatest share of benefits and farmers' income growth has been stunted.
- Optimal size is also required and diversity of skills among members is needed.
- Full benefits of a company?

**Special focus on
institutional
arrangement-
requires deep
analysis of
systems like
FPO- A
synopsis
(IFPRI)**

Suggestions on FPO

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There need to be a system of subgroupings within large groups that can be monitored. In effect this is decentralization within collectivization. The organization could be organized into smaller groups while retaining the overall size.

Need a proper selection mechanism for members. Selecting members based on their willingness and skills to maximize the collective returns. This brings a sense of purpose to the farmer members and makes the production and marketing objectives to align properly.

FPOs would likely not have marketing skills. All FPOs need to be assessed for marketing skills and may combine with marketing partners. Example of *Mahagrapes*

Use data on financial health of the organization is readily available.

IFPRI has uniquely employed the financial health monitoring and scalability potential of FPOs based on proprietary financial data.

Odisha FPOs are better in terms of debt-equity ratio; solvency ratio, cash conversion cycle, net debt. More cash rich and have better liquidity to run the FPOs
Avoid problems of agency

Back end and front end

- **Like eNAM get the back end right for FPO**
- **Food enterprises prime driver of food economy**
- **Irrigation as a cross cutting issue**
- **Expanding access to affordable irrigation requires**
 - i) reliable and affordable provision of farm power; and**
 - ii) competitive water markets.**
 - iii) In areas with hard-rock aquifers that are part of Odisha, investment in the augmentation of water sources (dug wells, small reservoirs.) to increase water availability and**
- **promotion of micro-irrigation to increase water use efficiency based on economic cost and benefit analysis**
- **Learning from several examples and avoiding pitfalls – solar power**

Working in partnerships – Snapshot of few MoUs

<p>Completed Project Increasing Productivity of rice based cropping systems (2016-22)</p> <p>On-going Projects Climate Pro – OIIPCRA (2021-24) Precision – DSR (2021-24)</p> <p>Proposals Under Discussion Income & Nutrition Security of Agricultural Households (2022-27) Carbon farming (2022-26)</p>	<p>IRRI</p>	<p>Geographical Kalahandi, Ganjam, Mayurbhanj, Puri and Bargarh.</p>	<ol style="list-style-type: none">a. Characterization of areas suitable for DSR and diversification using GIS and remote sensing for precision targetingb. Knowledge dissemination and scalingc. Farmers’ participatory and adaptive research to demonstrate and develop smart optionsd. Evidence generation for policy recommendationse. Fostering strategic partnership to achieve scale at speed
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Collaboration potential

- **Policy analysis and role of markets**
- **Understanding networks for adoption**
- **Factors behind disadoption**
- **Core and complementary factors**
- **Assessing markets**
- **Mechanism design issues- institutional solutions and innovations**
- **Evaluation**
- **Matching partners**

Konnect Odisha	Examples	Components	IFPRI collaboration	Complementarity
	<p>Exploring the expansion of biofortified crops</p> <p>Crop diversification and climate adaptation</p>	<p>Focus on information flow and market linkages . Enabling contract farming, registries- mechanism design issues</p> <p>Collaboratively identifying research gaps , implementation gaps</p> <p>Developing systems of public private collaboration</p>	<p>Evaluation including that of governance framework</p> <p>Scaling up</p> <p>What all to do in improving market linkages</p> <p>Identifying effects of shocks</p> <p>Drawing from knowledge on horizontal and vertical linkages</p> <p>Sustainability and incentive issues in registry- agency problems</p>	<p>Operational complementarity</p> <p>Strategic complementarity</p> <p>Market analysis</p> <p>Creating policy monitor and outcomes</p> <p>Identifying trade offs</p>

DoA&FE, F&ARDD and BMGF

**Theme 2.1:
Analytics for
Decision making
and Agriculture
Policy
Transformation —
Fisheries and
Animal Resources**

- a. Steps include digitizing existing F&ARDD datasets, building visualizations and analytics layers to inform decision-making processes,
- b. Create a comprehensive data system, tracking key indicators related to Government investments, and developing a performance monitoring system that can be used for real-time data collection and analysis.

Inclusiveness concerns

Secondary data based evaluation

Comparative policy analysis

Policy monitor and effectiveness tool kit

Address the core issues of adoption-popularity weighting , demonstration and word of moth

Exogenous changes in technology (5 G)

Work on FPPOs and clusters

- Cross country and region evidence
- Both have significant design issues and potential for cross learning
- Response to shocks
- Threat of sustainability of climate interventions
- Design of information dissemination- rigorous network analysis
- Producing policy usable tools and extending to different contexts
- Market creation and expansion
- Making these enablers (e.g. climate adaptation policies, value creators)
- Deep policy analysis for sustenance

Several extensive margin – new products, new markets

- Evaluation of cost structure
- Viability
- Constraints and opportunities
- Taking a complete landscape of trade costs
- Policy enablers and potential adversity