

## 1. Public-Private Partnership in Agriculture Sector

### Context:

- A public-private partnership (PPP) is a long-term cooperative arrangement between two or more public and private sectors.

### Dimensions of PPP in Indian Agriculture:

- India is one of the fastest growing economies with a annual growth rate of over 8 per cent. Annual average growth rate of Indian Agriculture around 2.7 per cent during past years, making it the slowest growing sector.
- The challenges faced by agriculture sector underlines an urgent need for innovations brought via partnerships between private and public sectors.
- Maharashtra the first state to take this innovative path rolled out its Maharashtra Public Private Partnership for Integrated Agricultural Development (PPPIAD) project to develop integrated value chains for selected crops through PPP and co-investment.
- However, successful partnerships between public and private sectors are challenged by issues like high transaction costs of operationalising and coordinating the partnership, different objectives of each sector, negative perceptions and mutual mistrust as well as uncertainty about actual benefit and outcome from PPP.

### PPPs in Market and Infrastructure Development:

- **The Model APMC Act encourages direct marketing to enable the Farmers** get the best price for their produce and create partnerships with banks, finance and logistics companies for lowest cost financing and marketing. This attracts private investment in creation of much needed marketing infrastructure, create competition and ensure better service to the farmers.
- To overcome the shortcomings and challenges in the storage of food grains, the government through FCI, adopted a phased implementation plan to build **modern steel grain silos with a capacity of 10 million metric tons by 2020 through PPPs.**
- **The area under micro-irrigation as of now is only 5 per cent of the total cultivate land in India.** PPP can facilitate the use of micro-irrigation resulting in enhanced irrigation efficiency.
- Integrated micro-irrigation networks are being developed through PPPs.

### Impact of PPP Models in Agriculture:

- The impact of PPP has been realized through positive changes in marketing aspects of farm produce, reduction of risks and uncertainties, social mobilization, capacity building of farm families and Economic Empowerment of Farmers.
  - ✓ Knowledge Management
  - ✓ High-End Technologies Development
  - ✓ Building Farmer's Resilience to Environmental Shocks and Minimizing Risks and Uncertainties
  - ✓ Farm Mechanization
  - ✓ Social Mobilisation – developmental departments develop partnership to create a better social linkage through SHGs, Farmer Interest Groups, commodity groups, farmer's clubs, and farmer's cooperative societies.
  - ✓ Productivity Enhancement
  - ✓ Economic Empowerment of Women
  - ✓ Investing in Smarter Value Chains like government developing pilot PPP projects to streamline post-harvest supply chains of major perishable agriculture and **horticulture commodities through a 'hub and spoke' model**, consisting of farm collection points and Primary Processing Centres.

### Limitations of PPP Models in Agriculture:

- Resource poor farmers lack capacity to raise their own capital to finance agro-processing infrastructure. The private extension services focus on resourceful areas, resource-endowed farmers and limited to profitable crops and areas.
- Private sector seed companies concentrate on hybrids where returns are high and assured. Thus PPP model lacking to benefit of farmers especially for cultivating parental lines of hybrid seed.

### Challenges of PPP Approach:

- The PPP has been recent initiative and needed reasonable time to assess the effects and impacts. A major part of PPP in India has actually taken place during the last 10 years.
- Each PPP approach is unique and no two PPP contracts are the same. So it is difficult to standardize a PPP format.
- **The lack of transparency** is one of the most discussed problems related to PPP.

- The long-time taken for creation of PPP arrangement and number of formalities required to follow happen to be another issue in implementation of PPP approach.
- **Undue political favours in many cases are gained** by the private party from their public sector counterpart.

### **Conclusion:**

- The PPP project has to mainly pass through four main phases viz. project preparation, project procurement, project development and operations. Each of these stages requires a careful handling, planning and clear-cut demarcating lines of work.
- The government has been emphasizing to create a facilitating environment for investments in infrastructure building following PPP approach.
- India has set the goal of doubling farmer's income by 2022-23 that requires significant investment. Thus, a more concerted emphasis is warranted to engage the private sector in agriculture through PPPs.

