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Thread. Agriculture as shock absorber.

In all the discussions on Indian agriculture and farming, one aspect of this sector gets largely overlooked.

Its role as a social safety net.

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For the poor and the vulnerable, the agricultural and allied sectors are still the main safety net in times of crisis.

And it is much bigger and more effective than all the other safety nets - like MNREGA - that we currently have.

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Safety nets are most important in countries that have a lot of vulnerable people and have adopted a market-led growth strategy.

Markets are useful in driving higher growth over time, but are also much more vulnerable to many types of shocks.

Covid-19 is a good example.

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Vulnerable people do not have adequate savings to fall back on in times of such shocks.

Social safety nets are the only mechanism that can prevent them from life and health risks during these shocks.

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Think of the reverse migration that India experienced after the imposition of the first lockdown.

The only reason so many wage workers took such a risky decision was because they trusted the agricultural sector to save their lives. And arguably it did.

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Another example to understand the importance of this is to look at South Africa, a country which has a similar group of poor and vulnerable people.

But the agricultural sector in South Africa does not provide a social safety net to their vulnerable people.

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This is because agriculture in South Africa is in the hand of a few large farm and plantation owners.

The result of this lack of social safety net is very high crime, especially mugging, in South African cities.

Also results in populist politics.

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So what does this mean for India and our agricultural policies?

If agriculture becomes commercialized with the participation of large retail companies as their clients, then sooner or later, farms will also be forced to consolidate.

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There are two reasons for this.

Large retail companies will prefer larger farms to cut their procurement costs.

Farmers will be forced to increase their size to bargain effectively with these companies.

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There are many ways though which this change in average farm sizes can and will happen.

This also means that over time, as more families move out of agriculture, the sector will, for sure, lose its ability to provide a social safety net to them in times of crisis.

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So a vision for development of commercial agricultural, also needs planning for an alternative social safety net mechanism at a comparable scale.

Otherwise, the next time there is a large economic shock, there will be an urban crisis in India that will be very costly.