

# The too-slow change of Indian agriculture

*It should be the next target of Narendra Modi's reform drive*

1月 29, 2026 04:19 上午 | SOHNA



Old ways aren't the best ways

**NARENDRA MODI** could be forgiven for bearing a grudge towards farmers. Twice the Indian prime minister has attempted much-needed rural modernisation, and twice he has ended up with egg on his face. At the beginning of his first term he was forced to withdraw a land-acquisition law after his government was branded a “suit-boot *ki sarkar*” (captured by, well, suits). His second got bogged down by a year-long protest, in which a small but noisy group of farmers from the north and the west resisted reforms to agricultural markets.

Could the third time be a charm? Mr Modi has been in a confident mood of late, pushing through a series of tricky changes, including to employment laws. More red tape is expected to be slashed in a budget on February 1st. But with a string of state elections coming in the spring, the government may be wary of another tilt at farming, lest it produce another pitchfork-waving mob. Already, farmers' unions say they are planning a nationwide march in the run-up to the polls.

Yet agriculture remains badly in need of a shake-up. Though yields have risen steadily for 60 years, they remain poor. Indian rice-growers harvest about a third less than their Chinese peers. Pulses are grown more efficiently in crisis-ridden Myanmar. That is not just bad for farmers: low productivity slows urbanisation, because rural poverty means people lack the resources to move into cities.

Much of the blame lies with the distorted incentives produced by a web of subsidies, from cheap power and fertiliser to government-backed price guarantees for certain crops. Politicians make things worse by imposing socialist controls whenever consumer prices rise: a ban on exporting wheat has been in place since 2022. "It's like having one foot on the accelerator and the other on the brake," says Ashok Gulati, an agricultural economist.

Now would be a good time to try a different approach. On the back of two good monsoons, agricultural wages have outstripped those of other workers, according to Goldman Sachs, a bank. Last year they rose by 4.5%, the biggest jump in eight years. At a bustling *mandi* (a state-run market) in Sohna, a town in the breadbasket state of Haryana, farmers who have come with coriander, beans and potatoes hardly sound mutinous. "We are happy," says Tarun Sharma, standing beside a handsome haul of cauliflower. His sole complaint is a lack of investment in irrigation.

It is easy for politicians to fear farmers, given that around half of voters depend economically on agriculture. Since 2020 some farming

leaders have talked up their clout. Yet today the ground does not look nearly so fertile for a rural-grievance movement. On top of rising wages, villages benefit from an ever-increasing array of benefits, including a \$25bn food programme and an \$8.5bn housing scheme. Many expect that the protests will be a damp squib. "There are now so many factions," admits Gurnam Singh Charuni, a union leader who operates across north-west India.

The kernel of Mr Modi's 2020 proposal was the idea of giving farmers freedom to sell their produce as they pleased. That failed largely because big landowners and powerful middlemen convinced them that it was a one-way path to exploitation. Yet Rajesh Kumar, a middleman in Sohna, says it is happening "by the back door". Sitting cross-legged next to sundry bags of wheat, two calculators and a safe, Mr Kumar says his business has been squeezed because politicians have found ways of nudging farmers to sell outside the *mandi*, like encouraging contracting. "I have done this all my life so I am trapped, but I wouldn't let my son or daughter enter this business."

In Haryana the state government has given farmers incentives to diversify into more valuable crops. The central government has just announced plans to reform a giant rural employment scheme. Yet to create incentives that would truly raise productivity, agriculture needs a 1991 moment, argues Mr Gulati, referring to the point at which socialist-era controls on other bits of the economy started to be swept away. If Mr Modi does that, farmers should be the first to thank him. ■