



Mains Practice Question

Q. Embracing policy reforms that create a favorable environment for agricultural growth will enable India to unlock the full potential of its national development. Discuss. (250 words)

10 Jul, 2024 GS Paper 3 Economy

Approach

- Briefly introduce the importance of agriculture in India's economy.
- Explain the current challenges faced by the agricultural sector.
- Discuss the reforms to address these issues and promote sustainable growth
- To conclude, suggest actionable steps and a roadmap for effective policy implementation

Introduction

Agriculture is a critical sector in India, employing nearly 45 % of the country's workforce and contributing around 15% to the GDP. It ensures food security for a vast population and supplies raw materials for various industries. The health of the agricultural sector directly impacts the overall economic health and social stability of the country.

Body

The current challenges faced by the agricultural sector:

- **Small Land Holdings:**
 - A significant portion of arable land is divided into small holdings, which restricts farmers' ability to achieve economies of scale and earn a dignified livelihood.
 - As per India's Agriculture Census 2015-16, 86.1 percent of Indian farmers are small and marginal (SMF) i.e., have a landholding size smaller than 2 hectares.
- **Economic Hardships:**
 - The average monthly income for a farmer in India remains relatively low, highlighting the economic challenges faced by those in the agricultural sector.
 - According to the National Statistical Office (NSO) report from 2019, the average monthly income of a farmer's household from all sources, including wages, crop production, and livestock, was approximately ₹10,218.
- **Soil Degradation & Water Scarcity:**
 - Over-extraction of water for agriculture is depleting aquifers, making irrigation increasingly unviable in key food-producing regions.
 - Around 90 percent of India's groundwater is used for agriculture
 - Improper land use practices, excessive use of chemical fertilizers and pesticides, and inadequate soil conservation measures contribute to soil degradation and erosion.
- **Inadequate Agricultural Infrastructure and Investment:**
 - Insufficient storage and cold chain facilities, inadequate rural roads and limited access to markets contribute to post-harvest losses.
 - Investments in agricultural research and extension services have not kept pace with inflation, leading to a decline in real funding.
 - This underinvestment hampers the adoption of innovative and efficient farming practices.

▪ **Outdated Farming Practices:**

- A significant portion of Indian farmers still rely on traditional and outdated farming methods.
- Limited access to information, lack of awareness about modern techniques and resistance to change hinder the adoption of advanced farming practices.
- This underinvestment in agriculture research hampers the adoption of innovative and efficient farming practices.

▪ **Market Volatility & Price Fluctuations:**

- Farmers in India often face price volatility due to lack of effective market linkages, intermediaries and price information. This leaves them vulnerable to price exploitation and uncertain returns on their investments.
- Global priorities to keep food prices low for consumers result in artificially depressed farm-gate prices, making farming economically unviable and environmentally unsustainable.

▪ **Climate Change & Natural Disasters:**

- Unpredictable weather patterns, climate change, and natural disasters such as floods, cyclones, and droughts pose significant challenges to India's agriculture industry. These events can result in crop losses, livestock mortality, and increased vulnerability for farmers.
- According to climate change impact assessments, without the adoption of adaptation measures, rainfed rice yields in India are projected to decrease by 20% by 2050 and 47% by 2080.

The Steps Ahead to Reform the Farm Sector in India:

▪ **Holistic Agricultural Approach:**

- Take agriculture as a comprehensive food system encompassing production, marketing, and consumption.
- Improve access to credit, inputs, and farmer-centric advisory through institutional reforms.
- Promote organic farming, integrated pest management, and soil health management.
- Strengthen farmer-producer organizations (FPOs) and cooperatives for collective bargaining.

▪ **Value Chain Development:**

- Build robust value chains for high-value crops, dairy products, fisheries, and poultry. Collaborate with the private sector, cooperatives, and farmer-producer companies to achieve this.
- Implement public-private partnerships and schemes similar to the Production Linked Incentive (PLI) scheme in industry to enhance value chain development.

▪ **Access to Technologies and Markets:**

- Ensure farmers have access to the best technologies and global markets to improve productivity and incomes.
- Address policy biases that favor consumers over farmers by reducing export bans, stock limits on traders, and market price suppression tactics.
- Increase expenditure on agricultural research and development (R&D) and extension services to at least 1% of agri-GDP, up from the current level of less than 0.5%

▪ **Reform Fertiliser Subsidy:**

- Transfer the fertiliser subsidy to the Ministry of Agriculture and Farmers Welfare. Currently, the subsidy is managed by the Ministry of Chemicals and Fertilisers, which has limited direct interaction with farmers.
- Rationalize fertiliser subsidy distribution to correct the imbalance in nitrogen, phosphorus, and potassium usage.
- Transition to direct benefit transfers for fertiliser subsidies, allowing farmers to choose between chemical and bio-fertilisers or natural farming methods.

▪ **Inclusive Growth and Social Security**

- Implement comprehensive crop insurance schemes and income support programs.
- Assure procurement of crops at minimum support prices (MSP) to stabilize farm incomes.

▪ **Creating Climate Resilient Agriculture:**

- There is an urgent need to increase investing resources to create climate-resilient (smart) agriculture.
 - This would mean more investments in seeds that are heat and flood-resistant, and more investment in water resources not just in augmenting their supplies but also

ensuring water is being used more wisely.

- “More crop per drop” should not be just a slogan but a reality. Drips, sprinklers, and protected cultivation as part of precision agriculture will have to be adopted at a much larger scale than today.

Conclusion

Embracing policy reforms that create a favorable environment for agricultural growth will enable India to unlock the full potential of its agricultural sector, making it a cornerstone of national development. This transformation will secure sustainable livelihoods for millions of farmers, enhance food security, foster inclusive growth, and establish India as a global leader in agricultural innovation and sustainability.

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