

NEXT IAS

**DAILY EDITORIAL
ANALYSIS**

TOPIC

**Farm Sector in India and
Associated Challenges**

www.nextias.com

FARM SECTOR IN INDIA AND ASSOCIATED CHALLENGES

Context

- Recently, it was observed that the agriculture sector in India faces significant challenges, as India traverses the road to Amrit Kaal.

About

- India's agriculture sector employs close to 263 million people, making it the world's largest agricultural land. It **ranks second globally in terms of agricultural production**, with output **increasing from USD 87 billion to USD 459 billion in the past 15 years**.
 - ♦ The sector's significance lies in its role as a vehicle for inclusive growth, rural income enhancement, and food security.
- With diminishing agricultural labour in the country, **farm mechanisation** has become one of the essential components for the growth of sustainable agriculture in India.
 - ♦ The farm machinery industry is expected to grow from ₹9,200 crores in the financial year 2022 to **₹15,000 crores in the financial year 2026**.

Key Points about India's Agriculture Sector

- **Arable Land Resource:** India boasts the second-largest arable land resource globally, covering 20 agro-climatic regions and all 15 major climates found worldwide.
- **Export Potential:** With exports exceeding \$40.9 billion in 2023, India's agricultural sector is on its way to becoming the food basket of the world.
- **Growth Trends:** The Indian agriculture sector is projected to grow by 3.5% in FY 2022-23, despite challenges posed by volatile oil prices and geopolitical tensions.
- **Agro-Innovation and Automation:** India's agricultural sector contributes 18% to the nation's GDP. It is expected to embrace agro-innovation and automation, including the use of technologies like Kisan drones.

Major Challenges in Farm Sectors in India

- **Climate Change Impact on Agriculture:** The irreversible climate change negatively affects crop production and livelihoods.
 - ♦ Erratic climatic events are already impacting agriculture.
- **Challenges with the World Trade Organisation (WTO):** The WTO remains unchanged, and India must cope with its inequities.
 - ♦ The US has hindered the dispute-settlement mechanism, making it challenging for Indian politicians to navigate.
- **Small Land Holdings and Livelihoods:** India's large number of small land holdings (85% of total arable land) limits farmers' ability to earn dignified livelihoods.
- **Low Food Prices and Unsustainable Farming:** Prioritising low food prices for consumers often leads to artificially depressed farm-gate prices.
 - ♦ It makes farming environmentally unsustainable and economically unviable.
- **Depleting Aquifers and Water Scarcity:** The insatiable demand for water in agriculture is depleting aquifers.
 - ♦ Extracting water for irrigation may become economically unfeasible in critical food-producing regions.
 - ♦ Drinking water scarcity is already a concern in many parts of the country.

Solutions to Overcome Challenges

- While limitations and challenges exist, changes are possible with determination, that are shaped by circumstances, not defined by them. Procrastination and policy errors narrow future choices. These include:
- **Investment in Agricultural Research:** Funding for research and extension services is below inflation. Every rupee invested in research yields significant economic returns.

- **Reforming Agriculture Markets:** Address unintended consequences in agriculture markets; States prioritise populist measures over long-term investments; Low cereal prices impact farm-gate prices, making farming unviable; and Skewed fertiliser subsidies harm health and the environment.
- **Public Debt and Financial Flexibility:** Central and state government debt limits long-term planning; and States face potential bankruptcy without a sovereign procedure.
- **Governance and Accountability:** Inept governance affects agricultural management; and Attitude at the top influences decision-making.
- **Sustainable Productivity and Inclusivity:** Focus on sustained, broadly shared productivity gains; and Inclusive growth is essential.
- **Rational Export-Import Policy:** Post-election, the government should formulate a balanced export-import policy that considers both producers and consumers' interests.

Conclusion

- There is an urgent need to address challenges including Low Productivity and Yield, Infrastructure Gaps, Fragmented Land Holdings, Access to Credit and Insurance, and Climate Change Effects etc through policy reforms, improved infrastructure, and sustainable practices that can enhance agricultural viability and rural prosperity in India.

Mains Practice Question

[Q] Discuss the major challenges faced by Indian agriculture sectors in the current agricultural landscape, and what potential solutions can address these issues?

