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Policy on the Advancement of Agricultural Growth and Production in India

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ABSTRACT

India is one among the fastest growing economy countries in the world and lifted around 160 million people out of poverty over the last 25 years. It is geographically, culturally, and economically diverse. The agricultural sector remains as the main source that drives the growth and development of the country. Transformation of agriculture from its traditional practice to its modern form has been observed in many developing countries. Furthermore, agriculture accounts for about 17% of the total GDP and 47% of the total national labor force (Agri Tech India, 2019). The agricultural growth remains one of the key factors that insulates other economies in the region. About 85% of the operational holdings are less than 2 hectares and represents 45% of the total cropped area, whereby only 5% of the land are operated by the farmers and 32% of the land including the arable land (India Brand Equity Foundation, 2019). The land tenure governance in India is legislatively and organizationally intricate and complex including both the poor land records, tenancy laws, ownership status, impediments of transaction, limited mobility of buyers and selling opportunities. Limited connectivity and storage infrastructure increase the post-harvest losses and have a negative impact on farmer's income and incentives (Bhan and Behera., 2014). Based on the fact that external demand increases with an increasing agricultural export from India, demand for agricultural inputs and allied services is also increasing at a faster rate. Hence, high proportion of agricultural land and diverse agro-climatic conditions encourage the farmers to cultivate different crops.

INTRODUCTION

Indian economy has witnessed many new economic policies that brought about the substantial changes in many sectors. Agricultural policy is the all-round development and economic viability of a country. It is considered as a crucial element for implementing the agricultural development projects that increases the flexibility in the country (Rudnick *et al.*, 2019). Different areas are subject to different policies which are regulated either by the government or the village community. The main aim and focus of the agricultural development policy is to generate income and larger on-farm and off-farm opportunities within the country as well as bringing development in the rural areas

(Emerick., 2018). The success in agricultural performance is significantly dependent on the policies and activities initiated by the states. Agricultural exports in India have grown since the 1990s, and emerged as one of the major exporters of agricultural and associated products such as rice, wheat, meat and meat products and several others. The natural diversity and climatic conditions allow for a variety of crops cultivations and livestock activities.

Review of agricultural policies

The review of the agricultural policies in India is one of a series of national agricultural policies that are undertaken by the committee of agriculture (CoAg) (India Brand Equity Foundation., 2019), where it carries out the study and examine the agricultural policy context and the main trends that drives the Indian Agriculture, which include a special chapter on food security policy and its distribution system. Agricultural policy eminence in the post reform period has shifted to liberalizing trade in agriculture. However, it is important to make a comprehensive review of the government policies on the agricultural sector with regards to the external environment, specifically after India join the World Trade Organization (WTO). Therefore, the agricultural policy should aim to improve the productivity of inputs, increase the value added per hectare to the small and marginal holdings, prevention of environmental degradation and educating farmers with the basic knowledge on agriculture produce.

About 58% of India's livelihood depends on the agricultural sector (Bhan and Bahera, 2014). Food industry has contributed to an immense growth and development of the country by increasing its contribution to world food trade every year, particularly with food producing industry. India's food and grocery market set up to be the world's sixth largest with retail contributing to about 70%. Therefore, food managing industry accounts for about 32% of the country's total food market and ranked as fifth in production, consumption and export growth (Kapoor, 2019).

Market size of the agricultural products

The initiatives and investments provided by the government along with various schemes for the agricultural community results to be the turning point in the agricultural sector. The GDP of India's agricultural sector hit a remarkable US\$ 262 billion (Kapoor, 2019) and the industry remains as the single largest contributor to the Indian economy with GDP growing at about 7.5% per year (Dreze and Khera, 2017).

The market size on the food grain production of the country during 2017-2018 is estimated to be US\$ 284.83 million tons which closely knock the estimated target of the Government with US\$ 285.83 million tons (India Brand Equity Foundation, 2019) on food grain production. With India being the largest producer and consumer of spices, the export of spices has reached up to US\$ 3.1 billion in 2017-2018 (Agri Tech India, 2019). Food & Grocery retail market in India was worth US\$ 380 billion in 2017. India is one of the second largest producers of fruits in the world. The horticultural crops are estimated at a record of 306.82 million tons in 2017-2018 (Kapoor, 2019). Furthermore, the Indian food processing Industry has engrossed with the foreign investment equity inflow of about US\$ 8.57 billion from 2000-2018 (India Brand Equity Foundation, 2019).

The major investments and the government initiatives in agricultural development

- It is projected that by 2019, India will start exporting sugar to its neighboring country such as China.
- The first mega food park in the states of Rajasthan was inaugurated in March, 2018.
- In India, the agri-food start-ups received a funding of US\$ 1.66 billion between 2013-17 (India Brand Equity Foundation, 2019).
- The Government of India in December 2018 approved the Agricultural Export Policy with the aim to increase the India's agricultural export to US\$ 60 billion by 2022 (Agri Tech India, 2019).
- In September 2018, the Government of India asserted US\$ 2.25 billion procurement policy named "Pradhan Mantri Annadata Aay Sanrakshn Han Abhiyan" (PM-AASHA), in which states can adopt the compensation scheme and partner with different organizations and agencies to ensure fair prices of farmer's market in the country (India Brand Equity Foundation, 2019).
- In September 2018, the Cabinet Committee on Economic Affairs (CCEA) approved US\$ 820.41 million assistance packages for enlarging the sugar industry in India (Agri Tech India, 2019).
- The Government of India also provided US\$ 306.29 million for computerization to ensure benefits through digital technology (India Brand Equity Foundation, 2019).
- A new AGRI-UDAAN programme was introduced to enable the start-ups to connect with potential investors from different countries.
- The Government of India also launched another scheme called as the "Pradhan Mantri Krishi Sinchai Yojana" (PMKSY) with an investment of US\$ 7.7 billion aimed at the development of irrigation sources (India Brand Equity Foundation, 2019).
- The Government of India allotted US\$ 936.38 billion investments for mega food parks in the country for Agro-Marine Processing and Development of Agro-Processing Clusters (India Brand Equity Foundation, 2019).

CONCLUSION

As per the status and current scenario of the country, India is expected to achieve the ambitious goal of doubling the income from US\$ 1,505.27 in 2015-16 to US\$ 3,420.21 by 2022-23 by 2022 (Agri Tech India, 2019). Furthermore, it is expected that the agricultural sector will have a recovering momentum in the next few years with an increase in investments and facilities in agricultural infrastructure. Nevertheless, the using of genetically modified crops will also help recover the yield and increase the market value of the farmers. With advancement in the field of agriculture, India is predictable to be self-reliant in pulses and grains through scientific efforts in producing different mixtures of early mature pulses in minimum fair prices. In addition, food handling industry will also offer several benefits by adopting the International food safety and quality assurance mechanisms such as Total Quality Management (ISO 9000, ISO 22000), Hazard Analysis and Critical Control Points, Good Manufacturing Practices and Good Hygienic Practices (India Brand Equity Foundation, 2019).

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