



## Issues with Agriculture in India

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### Why in News

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The **protest by thousands of farmers** at Delhi's borders have brought to focus a range of **issues in agriculture in India.**

The protests are against the three farm bills that seek to replace **ordinances issued in june 2020.**

### Key Points

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- **Concerns of Protesting Farmers:**
  - These laws signal the beginning of the **end of open-ended procurement of wheat and paddy.**
  - The **success of states (Punjab and Haryana)** in creating the infrastructure for procurement may now **become the reason for withdrawal of support of the Centre.**
  - **Stocking by corporates**, especially those which are in modern retail and e-commerce

- **Land Size:**

- **Decreasing Area:** Area under agriculture has been shrinking, it reduced from **159.5 million hectares (mn ha) in 2010-11 to 157 mn ha in 2015-16.**

- **Increase in Land Holdings:** The number of **operational holdings has been rising** (increased from 138.3 million to about 146 million) owing to increasing population.

This **leads to falling average landholdings' size** of farmers, which has come down from 1.2 ha to about 1.08 ha.

- **Forced Selling: Smaller landholdings produce smaller pockets of produce**, aggregation of which becomes essential for even a trolley-load to be carried to an **Agricultural Produce Market Committee (APMC)** mandi or a nearby market.

- Due to small holdings caused by fragmentation, small and marginal farmers are **forced to sell their produce at the farm gate itself.**

- This is especially so in states that have a weak network of APMC mandis.

- **No Access to Modern Technology:** Bringing new technologies and practices to such a large number of smallholders scattered over a vast countryside and integrating them with the modern input and output markets is a **huge challenge for Indian agriculture.**

- **More Farm Labourers than Farmers:**

- A **farmer** is usually a **farm owner**, while **employees** of the farm are farm labourers, farmhands, etc.

- **Employment in Agri-sector:** As per recent estimates from the **Labour Bureau**, **45%** of India's workforce is employed in agriculture. .

- **Labours in Agri-sector:** According to **Census 2011**, **55%** of the agri-workforce comprises agri-labourers.

- **No support for Labours:** It is tough to drive or sustain growth in agriculture since farm labourers get no policy support or incentive to invest in farming.

- **Owners Getting the Benefit:** All benefits like seed kit, fertilisers, pesticides, farm machinery, micro-irrigation, land development assistance etc. are meant only for those who can prove land ownership.

- **Falling Investment in Agriculture:**

- The **Gross Capital Formation (GCF)** in agriculture as a percentage of the total GCF in the economy has **fallen from 8.5 % in Financial Year 2011-12 to 6.5 % in Financial Year 2018-19.** This is because the share of private investment has shrunk.

- Though public investment has gone up it is not sufficient to check the slide or keep the GCF at FY12 level.

- **Subsidy and Related Issues:**
  - **Flowing to Businesses:** A number of subsidies meant for agriculture also flow to businesses, e.g **grants given to food processing units and cold chain projects.**
  - **Net Loss of Farmers:** As per the **Indian Council for Research on International Economic Relations- Organisation for Economic Co-operation and Development (ICRIER-OECD)** report, despite the plethora of schemes run to support and subsidise Indian farmers, because of **regressive policies on the marketing side** (both domestic and international trade policies) and the **deficit of basic infrastructure for storage, transportation** etc., **Indian farmers suffered net losses** and thus emerged to be net taxed despite receiving subsidies.
- **Minimum Support Price (MSP) and Related Issues:**
  - **Selective Procurement:** The government **declares MSP for 23 crops**, only wheat and paddy (rice) are procured in large quantities as they are required to meet the requirement of the **Public Distribution System (PDS)**, which is about 65 million tonnes.
  - **Stagnant Rates of MSP:** The government declaration of Minimum support prices do not increase at par with increase in cost of production.
  - **Unequal Access:** The benefits of this scheme do not reach all farmers and for all crops. There are many regions of the country like the north-eastern region where the implementation is too weak.
  - **Non Scientific Practices:** MSP leads to non-scientific agricultural practices whereby the soil, water are stressed to an extent of degrading ground water table and salinisation of soil.

## Way Forward

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- If India has to move away from procurement-based support, at present restricted to certain crops only, a **more attractive income support scheme has to be conceived coupled with much higher investment, both public and private,** in agri-infrastructure.
- The **Rashtriya Krishi Vikas Yojana (RKVY)** incentivised the states, which increased their expenditure on agriculture. The **Centre's assistance for such states should be higher.**
- **Focused research on crops grown in low-productivity states can deliver better seeds,** which can withstand the challenge of higher temperature due to climate change.
- Democratic norms and processes like **open public debate, dialogue with stakeholders and detailed Parliamentary scrutiny** to ensure every aspect and implication of a public policy goes through meticulous examination before being adopted and implemented is crucial to fix the issues with agriculture.

**Source:IE**