GREEN SHOOTS OF ECONOMIC GROWTH

AGRICULTURE IS THE MOST HEALTHFUL, MOST USEFUL, MOST NOBLE EMPLOYMENT OF A MAN – GEORGE WASHINGTON

GS-3:-AGRICULTURE RELATED ISSUE

CONTEXT	✓ India's dream of becoming a $5 trillion economy by 2024 however, unless there are adequate investment reforms in primary sectors, steps taken to augment growth in other sectors would be futile. ✓ Without factoring in agriculture, the vision of a $5-trillion economy will remain a distant dream.
RELEVANT DATA	✓ According to the **Food and Agriculture Organisation (FAO)**, insufficient investment in the agriculture sector in most developing countries over the past 30 years has resulted in low productivity and stagnant production. ✓ Investment is the key to unlocking the potential of a developing economy. However, the myopic policy regime in the past several decades has resulted in sluggish investment growth in the farm sector
Crisis in agriculture	✓ **Demographic pressure on land**: With the increasing population, the size of landholdings has been declining due to land fragmentation. ✓ **Shortage of money**: The small and marginal farmers face an acute shortage of money to buy more land or invest in infrastructure viz. irrigation, farm machinery, storage equipment etc. ✓ **Risks**: One-third of India's agriculture is dependent on rain-fed farming. The unpredictability of monsoon combined with lack of preparedness on the part of farmers and government make farming more of a gamble than occupation. ✓ **Dominance of large traders in APMC**: Most of the small and marginal farmers have to sell their produce in the local market at prices much lower than the MSP. Farmers have to sell their produce through auctions in regulated markets controlled by cartels of licensed traders, whose licences give them oligopolistic market power. ✓ **Rise in input costs**: Despite various subsidies, the rise in the prices of inputs like fertilizers, machinery etc. pushes the farmers into the vicious cycle of debt and distress. **Migration of rural youth**: As agriculture is increasingly not being seen as a viable means of livelihood and year-round sustenance, the

	tendency to migrate to urban areas is escalating the rural youth, where they work majorly as informal labourers.
HOW INVESTMENT CAN MAKE REFORM	✓ The wave of investment should touch segments such as agro-processing, and exports, agri-startups and agri-tourism, where the potential for job creation and capacity utilisation is far less. ✓ Integrating the existing tourism circuit with a relatively new area of agri-tourism, where glimpses of farm staff and farm operations are displayed to attract tourists, would help in boosting the investment cycle and generate in-situ employment. ✓ Investment needs to be driven to strengthen both public and private extension advisory systems and the quality of agri-education and research through collaboration and convergence ✓ Given that India has the highest livestock population in the world, investment should be made to utilise this surplus by employing next-generation livestock technology with a strong emphasis not only on productivity enhancement but also on conservation of indigenous germplasm, disease surveillance, quality control, waste utilisation and value addition. ✓ Investment in renewable energy generation (using small wind mill and solar pumps) on fallow farmland and in hilly terrain would help reduce the burden of debt-ridden electricity distribution companies and State governments, besides enabling energy security in rural areas. ✓ Farm business organisation is another source of routing private investment to agriculture. Linking these organisations with commodity exchanges would provide agriculture commodities more space on international trading platforms.
EXPERIENCE FROM THE WORLD	An earlier experience of BRIC (Brazil, Russia, India and China) nations has shown that a 1% growth in agriculture is at least two to three times more effective in reducing poverty than similar growth in non-agricultural sectors.
CONCLUSION	✓ Agriculture and its allied sectors are believed to be one of the most fertile grounds to help achieve the ambitious Sustainable Developmental Goals (SDGs). ✓ However, with the current pace of agriculture growth, India requires 'patient capital', as financial returns to investment are unlikely to materialise in the initial years.

EDITORIAL OF THE DAY
SATURDAY, July 20, 2019

QUES:- DISCUSS THE RELEVANCE OF AGRICULTURE SECTOR IN INDIA'S DREAM OF BECOMING $5 TRILLION ECONOMY BY 2022.