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Relevant for: Indian Economy | Topic: Agriculture Issues and related constraints

The year 2019-20 saw India's agriculture sector grow by 11.3 per cent at current prices, more than the overall annual GDP increase of 7.9 per cent. According to NITI Aayog member Ramesh Chand, this is the first time since 1980-81 when farm sector growth has exceeded that of non-farm by such a wide margin. But that's not all. The current fiscal — the April-June quarter, definitely — could see agricultural growth surpassing that of non-agriculture even at constant prices. Simply put, agriculture is back to being the economy's mainstay and, indeed, the only sector growing amid a nationwide lockdown. One indicator is wheat procurement. As on May 1, government agencies had bought 14.3 million tonnes (mt) of the new crop, equivalent to a minimum support price value of over Rs 27,500 crore, with another 20 mt likely to be procured by month-end. Farming activity being relatively unaffected is also captured by retail fertiliser sales rising 45 per cent year-on-year in April. And if the monsoon turns out normal as forecasted, things aren't looking that bleak for agriculture; contrast this with the zero domestic car sales last month.

Agriculture doing well is important both from the standpoint of inflation control (adequate supply of food, feed and fibre, along with low oil prices, makes it easier for the Reserve Bank of India to pursue an accommodative monetary policy) and reviving spending (farmers and rural labourers have higher marginal propensity to consume). But it is also a fact that the farm sector cannot support economic growth beyond a point. A NABARD survey for 2016-17 showed that only 43 per cent of the average monthly income of even the country's estimated 10 crore-plus agricultural households came from cultivation and livestock rearing. The growth of non-agriculture is, in other words, important for farming families themselves, many of which have members deriving incomes from manufacturing and service sector jobs. Many of the migrant labourers either stranded or returning from industrial centres and cities post-lockdown belong to rural farming communities. Given that not everyone can be gainfully employed in farms, it is a matter of time before they head back to work away from their homes.

That said, the need of the hour is to maximise the possibilities in a sector which has demonstrated its utility and resilience in trying circumstances. The focus should be on the coming kharif cropping season, especially ensuring timely availability of seeds, fertilisers, pesticides, credit and other inputs. The latter includes labour and machines, whose movement was rightly exempted from lockdown restrictions. The government should seriously consider starting at the earliest special trains for labourers engaged in paddy transplantation and other agriculture-related operations. This is also the time to free farm produce trade by lifting all restrictions on stocking, domestic movement and exports. Let Indian farmers feed the world, not just India.

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