Economic Revival through Agriculture

What is the issue?

- India, one of the world's fastest-growing economies, is now facing sluggish growth.
- The current growth slowdown is an ideal time to implement doable agricultural reforms and other key reforms.0

What are the symptoms of slowdown?

- The Reserve Bank of India has sharply cut the GDP growth forecast to 6.1% for 2019-20, which is lowest in the last six years.
- There has been a sharp decline in the performance of key sectors.
- The opportunity to speed up the slowdown must accommodate a diverse body of opinion and options for sustainable and inclusive growth.
- The conventional approach of fiscal and monetary stimulus options to address the relics of a slow pace would only give immediate relief and not an enduring solution.

What are the effects on primary sectors?

- The ripples of the slowdown are gradually moving to the primary sectors that are already reeling under an unprecedented confluence of pressure.
- Real agricultural and allied gross value added (GVA) grew by 2.9% during 2011-12 to 2017-18.
- But as in the National Agricultural Policy (2000), it should have been around 4% to attain an overall economic growth of 8%.
- A highly skewed monsoon, erratic rainfall and extreme natural events are creating havoc for the farms and farmers.
- These are likely to disrupt supply chains, fuel inflation and have a negative impact on consumption.
- All of these can further dampen the prospects of revival of the economy.
- The farm sector's current growth rate is less than adequate to take on developmental challenges originating from Sustainable Development Goals.
- Hence any key reforms packages in improving the economy should also take cognisance of the crisis in the agricultural sector.

What are the reforms to be taken to enable overall growth?

- The key to addressing the slowdown lies in a selective group of reforms in the key sectors. The push must start with the primary sector.
- **Role of agriculture** – This is important to invigorate crucial economic segments.
- The sector is a potential enabler and employer for more than 50% of the population.
- It has the potential to ensure farm viability: increasing the ratio of farm to non-farm income to 70:30 by 2022-23 from the present 60:40.
- According to the agriculture census 2015-16, the real income of farmers doubled in almost 20 years from 1993-94 to 2015-16.
- As the target to double farmers' income by 2022 is nearing, there must be fast-lane options and swift actions to ensure curated reforms on land, market, price, and ameliorate supply-side constraints.
- This is the right time to execute a slew of doable agricultural reforms to reverse the slowdown which is immense in the light of its nearly 20% contribution to a $5-trillion economy by 2024.
- The Agricultural Developmental Council (ADC) is a dire need to make agricultural reforms more expressive and representative.
- **Promote occupations** - Deindustrialisation 2.0 and creative destruction is believed to be underway from the decreasing growth rate.
- The slowly fading reform to stimulate the traditional sectors is adding to unemployment and job loss.
- There is an immense need to promote occupations which are less influenced by the slowdown such as farming, handloom, handicrafts and others.
- **Working age population rise** - This will continue to rise through 2041, as per the Economic Survey 2018-19.
- So, there is an urgent need to increase the job-to-investment ratio which is currently very low (4 jobs created for every ₹1 crore investment).
- Giving a policy nudge to in-situ employment creation is a must for a stable income and spending.
- There must be efforts to have an accurate picture of unemployment data in order to have a policy that is closer to facts.
- **Reconsidering the few short-term reforms** - This is to be done as they are often stated to revive the short-term chaos in the long run.
- **Low oil prices in the past** - The sweet spot created by this is slowly taking its turn to hit the economy to further cut down aggregate demand.
- A blend of efforts from a range of sectors, agriculture and allied sectors is warranted to enable overall growth.

Source: The Hindu



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