The link between jobs, farming and climate

What is the issue?

- In September 2019, a teenager Greta Thunberg addressed the United Nations climate change summit, which had an impact.
- But, Indian government is all-absorbed by the news of slowing economy.

What should we be worried about?

- It is true that India's economic growth has slowed for the past few quarters — the past 2½ years, if we go by annual growth rates.
- Indian government's desire is to give a boost to the economy.
- Those who heard Greta Thunberg's address may not be as worried about economic growth as the government is.
- Globally, industrial growth driven by mindless consumption is the cause of climate change.
- But India does need some growth as income levels here are still very low.
- However, the problem of low incomes can be tackled even with less growth so long as it is of the appropriate type.
- So, the slowing of growth in India cannot reasonably be termed a crisis.

Why is there rural unemployment?

- Unemployment is the only feature of the economy that answers positively to the query of whether it is in crisis today.
- **Periodic Labour Force Survey report 2017-18** – Points a dramatic rise in the unemployment rate since 2011-12.
    1. Apart from the category of 'Urban Females', the unemployment estimate shows that it is the highest in the 45 years since 1972-73.
    2. Even for 'Urban Females', it is double what it was in 2011-1
    3. For 'Rural Males', it is four times the average for the 40 years up to 2011-12.
- These figures should convince us of the existence of a grave situation with respect to employment in the country.
- **Government's responses to the slowing growth** - Announced a range of measures, the most prominent of them being the reduction in the corporate tax rate.

- The tax cut is meant to be a remedy for stagnant corporate investment.
- But if the level of corporate investment reflects some underlying reality, it is only by tackling the latter that we can get to the root of the problem.
- A large part of corporate sales is driven by rural demand.
- The government does not hear their voices, as they are less organised than some other sections of the corporate world.
- The rural picture matters not only because the largest numbers are located there but also because of their low incomes.
- This means that the future growth of demand for much of industrial production is likely to come from there.

Why is there is a production decline?

- The recent history of crop agriculture is one reason why rural incomes are growing so slowly. Since 2008-2009, it has shown no growth.
- Households incurring consumption debt in bad crop years would be repaying it in the good years.
- This implies that the consumption doesn't grow appreciably even in good years.
- The other factors range from low export growth to the state of the banking sector.
- Poor agricultural performance is a significant explanation of slack domestic demand.
- Unstable agricultural production first lowers the demand for agricultural labour, and subsequently, its supply, showing up in greater unemployment.
- It has been pointed out that the investment rate has declined.
- This is indeed correct but this may well be a reflection of the poor agricultural performance.
- Private investment both follows output growth and leads it.

What could be the long-term solution?

- Any long-term solution to the problem of unemployment to which the slowing growth of the economy is related must start with agricultural production.
- **Observing** the performance of crop agriculture since 2008-09, India might be witnessing something wholly new.
- India has long been recognised that there is a crop-yield cycle related to annual variations in rainfall but we are now witnessing stagnation.
- Now, unlike in the case of a cycle, recovery cannot simply be assumed.
- The expertise of agricultural scientists is needed to confirm what factors are responsible for this state.
- **Factors** - The role of ecological factors in causing agricultural stagnation could be considered.

- Land degradation leading to scarcity which raises the cost of cultivation.
- Most of these fact0rs are directly man-made, related as it is to over-exploitation of the earth's resources.
- **Solution** - A deeper adaptation is required to deal with these factors.
- Intelligent governance, resource deployment and change in farmer behaviour would all need to combine for this.
- The reality of an unstable agricultural sector rendering economy-wide growth fragile has not elicited an adequate economic policy response.
- Policy focus is disproportionately on the tax rate, the ease of doing business in the non-agricultural sector and a fussy adherence to a dubious fiscal-balance target.
- It is time to draw in the public agricultural institutes and farmer bodies for their views on how to save the sector.

Source: The Hindu

