“India 2040”: Transforming Indian Agriculture

Comments at the official launch by the editor, Marco Ferroni, Syngenta Foundation

New Delhi, January 21, 2013 (abridged)

“The book’s premise is the commonsense observation, well established in the literature, that to achieve dynamic economic growth you need vibrant agriculture growth, for three reasons:

- The rising demand for food, feed and fiber for a steadily increasing population must be met even as the arable land area goes on shrinking and water supplies dwindle
- The relatively high level of self-sufficiency in staples demanded for the food security of large countries such as India must be maintained, and
- Inclusion must be achieved through remunerative employment in primary production, inputs and their distribution, post-harvest handling, processing, and retailing

The question this book asks and answers is: How to provide for vibrant agricultural growth on a sustained basis?

- Specifically: What needs to be done to deliver on the government’s annual agricultural growth target of 4%, or indeed the higher levels that this book suggests are needed to support strong economic growth?

Fortunately, Indian agriculture has vast untapped production potential. This could be realized in environmentally sustainable ways – with the right technologies and adequate incentives and support for farmers.

The book acknowledges that India’s recent performance in agriculture has been good:

- Growth during the 11th Five-Year Plan was 3.3% per year
- Investment is up; there have been bumper harvests; public granaries are full (which raises many complicated issues!); there have been some breakthroughs in agricultural research; and there are success stories, ranging from vegetable and pulse production growth in many locations to, for example, the achievements of wheat procurement in Madhya Pradesh.
But the book also notes that supply growth of key commodities (particularly in the high-value segment) lags behind demand growth; that many value chains do not work well; that large numbers of farmers are needlessly poor; and that production patterns are in many instances environmentally unsustainable.

- Judged by input/output relationships, efficiency is almost universally low. Yields per unit of land and labor are poor, water and nutrient use efficiency is low, and this must clearly change. Efficiency is a key part of sustainability.

“India 2040” suggests that enhanced agricultural growth requires massive productivity (and hence, efficiency) improvements in all aspects of agriculture and related to all factors of production, including (but not limited to) water. To achieve these, the country needs the right incentives and supporting frameworks – in other words, markets and institutions.

The authors discuss what this means in practice. Success (i.e. vibrant, sustainable agriculture growth supporting high overall economic growth, food security and poverty reduction) hinges in large measure on how government at all levels behaves and delivers.

Why is this so?

- The corporate sector, farmers and civil society are not resting; they respond to the opportunities arising from economic growth, urbanization and modernization.
- Agriculture is changing, becoming more market-oriented, information-driven, shifting to higher-value products (which are more perishable, requiring new types of infrastructure and logistics); agriculture is trying to adapt to climate change and problems such as soil degradation, water challenges and growing labor scarcity.
- But the changes – and their benefits for people and the environment – are often held back by missing or inadequate government support. This is visible in areas including
  - prices, trade and subsidies
  - delivery of services to farmers
  - effectiveness of agricultural research and extension
  - regulation affecting (1) seeds and other inputs and (2) farm-to-market value chains
  - incentives favoring the wasteful use of water

The book acknowledges the vast range of quality of state action in agriculture.

- It projects a vision of dynamic, private sector-led, farmer-friendly, consumer-responsive, and natural resource-sustainable agriculture well stewarded by government
• And, much in agreement with the now published 12th Plan, it articulates the kind of public leadership and action needed to make the vision come true.

The book is divided into two parts.

• Part I ("Transforming India’s Agriculture: Productivity, Markets and Institutions – An Overview") was the subject of a high-level policy dialogue in New Delhi in 2012
• Part II, on the current state of Indian agriculture and areas of reform for its transformation, covers the “building blocks” to which we refer in Part I

Acknowledgements: The book is the product of cooperation between key individuals and institutions. It is very much the work of the Centennial Group and its chairman, Harinder Kohli, of the lead author of the original study, Professor Hans Binswanger, and of the authors of important background papers and chapters, including Professor Kirit Parikh and his team at IRADe. The text has benefited from much inspiring discussion with the Planning Commission.”