

1. Examine the distorting impact of agricultural subsidies. What reforms are needed to streamline the subsidy regime in India? Discuss.**Approach:**

Question is straight forward in its approach students are expected to explain the distorting impact of agricultural subsidies in India with proper examples also explain how to streamline the subsidy regime to lower the burden on exchequer and then arrive at a well balanced, logical and forward looking conclusion.

Introduction:

Agriculture in India is the most important segment of the economy. Growth of Agricultural sector is crucial for Indian economy as it employs two-third of its population and contributes nearly one-third of national income. However its importance in the economic, social and political fabric of India goes well beyond what is indicated by its contribution to the economy. The large number of poor agricultural households and their income vulnerability are major concern among policy makers. These concerns have driven both agricultural policies and public expenditures in agriculture in India as well as in other part of the globe. Agriculture is also one of the major sources of export earnings of our country and is crucial for improving the balance of payments. In recent years, the export of agricultural and allied products accounted for about one-fifth of total export earnings of India. India's share of agricultural export has remained very low in many commodities despite inherent strength of Indian agriculture with the exception of few commodities.

Body:

Introduction of the High Yielding Varieties (HYV) seeds programme in the 1960s demanded a high priority to supplying irrigation water and fertilisers to the farmers, the government tried to ensure that they were accessible and affordable. Subsidy on fertilisers is provided by the Central government whereas subsidy on water is provided by the State governments. Government gives different types of subsidies to farmers like, fertilizer, irrigation, equipment, credit subsidy, seed subsidy, export subsidy etc.

Distorting impact-

- Subsidies directed by the United States government, particularly to corn farmers, can have a spill over affect in developing countries like India. Subsidies granted to the farmers of developed countries are way higher than that given to Indian farmers, thus it can cause distortion to the domestic market of domestic markets as well.
- Fertilizers subsidy, as an input for agriculture production, is responsible for rampant use of fertilizers, commonly the triad NPK, in India. This acts as a barrier for entry to the developed market like European Union who held that India's agricultural products are not up to the mark of WTO's phytosanitary measures.

- While the developing countries like India and China are not in an affordable position to breach the de-minimus level of Aggregate measures of support(AMS), developed countries like US provides subsidies exceeding 50% in some products such as Canola, cotton, sugar and more than 200% for wool.
- Most benefits of subsidies are allotted to big farmers while In India, 2/3 rd farmers are marginal farmers which can't utilize the benefit of subsidy properly. Thus the value of produce of such farmers decrease.
- It leads to overproduction of one crop(grains) over other(like fruit, pulses). Thus sometimes grains are piled up for rotting in warehouse. Also in market, the trade of such cereals take place on the expense of other non- subsidised products.
- Groundwater is the dominant source of irrigation and it has expanded rapidly since the 1970s. Since electricity is used to pump water from underground aquifers, electricity use in agriculture and the number of electrified pumpsets have also increased rapidly. In 1979/80, the number of electrified pumpsets was a little less than 4 million. By 2017/18, the number had jumped to more than 21 million. The share of agriculture in electricity supply was negligible in the early 1970s. The low and flat tariff structure of agricultural electricity supply is a plausible reason for excessive groundwater extraction although it is not probably the only or even the major factor. Other reasons such as price support policies that make water-intensive crops attractive.
- Agricultural Finance: Farmers are entitled to pre- harvest loan at 7% interest rate.They are allowed further 3% subvention in case of timely payment. Farmers can also take loan for post-harvest time against negotiable warehouse receipt. Economic survey notes three discrepancies in this subsidy. One, trend indicates that amount for a single loan is increasing for most of these subsidized loans. This means that more subsidies is going in favor of rich farmers. Two, extension of subsidized credit is concentrated in last three months of the financial year, which indicates that reluctant banks otherwise unable to meet priority sector lending targets, desperately disburse loans to reach target at the end only. It is unlikely that this way credit will reach to desirable party. Third, agriculture credit is getting concentrated on peripheries of urban areas, which means that money is being diverted to nonagricultural use.

Reforms to streamline subsidy regime in India-

- Pursuing Cooperative Federalism: Agriculture is a State subject in the Constitution, listed as Entry 14 in the State List (List II). Apart from this, entry 26 in List II refers to “trade and commerce within the State”; entry 27 refers to “production, supply and distribution of goods”; and entry 28 refers to “markets and fairs” For these reasons, intra-State marketing in agriculture was always considered a legislative prerogative of States. Therefore, any reform pertaining to agriculture and farmer's income must come up after consultation with the states.
- Changing the Pricing Mix: Government must come up with a suitable transition to agricultural pricing policy, whereby partial agricultural pricing

should be state-supported and partially market-driven. One way to do this, could be a deficiency payments scheme along the lines of the Bhavantar Bhugtan Yojana (BBY) initiated by Madhya Pradesh. In this scheme, the government rather than procuring from farmers, compensates farmers with cash transfers when the market price falls below MSP.

- **Strengthening FPO:** With the changes brought the recent farm legislation, it is expected that many companies will be encouraged to build efficient supply lines somewhat on the lines of milk. However, there is a genuine demand for protection of farmers from ruthless market orientation for Profit. Thus, there is a need for strengthening of Farmers Producer Organisations (FPOs), this will increase bargaining power of farmers on one hand and provide a suitable investment climate on the other.
- **Direct Benefit Transfer (DBT) in Fertilizers:** DBT scheme can bring benefits to the farmer on various fronts; choice of improved products at competitive rates, gain from enhanced extension services from the industry on best practices leading to "sustainable and responsible" agriculture production, and better earnings for such produce.
- **Enabling Last-Mile Connectivity:** Affordable and workable" last mile" technologies can enable the Government to set up the required framework for disbursement, which in turn will allow for focused targeting of subsidy based on land, crop, soil health and other geographical factors. In order to address the imbalance in the fertilizer use, urea has to come under NBS.

Conclusion:

Agriculture lies at the backbone of Indian economy. Therefore, more sustainable solutions lie in augmenting productivity, diversifying to high-value crops, and shifting people out of agriculture to the high productivity sector. Subsidies are meant for poor people and they shall ensure equitable redistribution of resource. Subsidies extended to rich are regressive. They help in keeping poverty intact and create inefficiencies in economy which culminates in inflation and corruption. In such case economy is retarded as we have seen in India's case. When India grew in first decade of millennium at average rate of 7.5% it was found that this growth was jobless and unsustainable. India's economy faced supply side constraints, which didn't increase productivity as compared to GDP. RBI had to then control spiraling inflation by steep hikes in interest rates. Rationalization of subsidy regime will improve markets in India which will then attract more investment. This in short, can turn the wheel of a virtuous economy which creates more employment and attacks poverty at its roots.

2. What is the recent debate over minimum support price (MSP)? What are your views on the same? Discuss.

Approach

A simple and straightforward question where in the candidate needs to explain Minimum support Price (MSP) and debate surrounding it in India's agricultural sector. Further, you need to discuss your views with regards to the MSP debate.

Introduction

Minimum Support Price (MSP) is a form of market intervention by the Government of India to insure agricultural producers against any sharp fall in farm prices. The minimum support prices are announced by the Government of India at the beginning of the sowing season for certain crops on the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP).

Body

- The MSP system was started in 1966-67 for wheat and was expanded further to include other essential food crops, which was then sold to the poor under subsidised rates under the public distribution system (PDS). In 1966, wheat's MSP was Rs 54 per quintal. Currently, it is at Rs 1,975 per quintal.
- The Centre currently fixes MSPs for 23 farm commodities — 7 cereals, 5 pulses, 7 oilseeds and 4 commercial crops. The CACP considers various factors such as the cost of cultivation and production, productivity of crops, and market prices for the determination of MSPs.
- The National Commission on Farmers (Chaired by Prof. M. S. Swaminathan) in 2006 had recommended that MSPs must be at least 50% more than the cost of production. This is the first debate with regards to MSP where farmer's organisations and protestors are demanding implementation of these recommendations.
- The CACP calculates cost of production at three levels: (i) A2, which includes cost of inputs such as seeds, fertilizer, labour; (ii) A2+FL, which includes the implied cost of family labour (FL); and (iii) C2, which includes the implied rent on land and interest on capital assets over and above A2+FL.
- The government claims the A2+FL as the cost of production and decides MSP 50% above this price whereas farmers consider C2 as cost of production and demand MSP based on it. Even the National Commission on Farmers (NCF) is not clear on the definition of cost of production and thus there is need to bring in more clarity in this regard.
- Next debate surrounding the MSP issue is with regards to provide legal guarantee for the minimum support prices (MSPs) that the Centre declares

for various crops every year. Currently, there is no statutory backing for these prices or any law mandating their implementation.

- There are two ways it can be done. The first is to force private buyers to pay it. In this case, no crop can be purchased below the MSP like sugarcane procurement and the second route is the government itself buying the entire crop that farmers offer at the MSP. Many argue that the government undertaking to buy at MSP is definitely better than forcing private players.
- But the entire proposition of legal guarantee for MSP is fraught with numerous challenges and also issues with the concept of MSP itself. Increasingly, procuring farm produce at an MSP is seen more of an appeasement strategy to cultivate a vote-bank.
- Data show that procurement of food grains by the Food Corporation of India (FCI) in January 2021 has overshoot the buffer-stock limit and the country's food grains reserves are more than 2.7 times the norm. This is more than the country's demands for food security and welfare schemes such as distribution of free wheat and rice under the PM Garib Kalyan Ann Yojna.
- The economic cost of excess rice and wheat with the FCI beyond the buffer-stock norm is a whopping ₹1,50,000 crore. Further, the losses borne by the FCI due to mountains of wheat and rice spoiling as the stocks exceed its total capacity protected and scientific storage capacity needs to be considered too.
- Further, there has been large scale imbalance in procurement due to historical factors. E.g. - Procurement of wheat from Punjab at the MSP amounts to 99.5 per cent of the total stocks offered by farmers for sale.
- There is also waste of tax payer's money due to continuous raising of MSP for political gains and farmers producing wheat and paddy regardless of what the market actually demands. Also, the entire PDS system can be jeopardized due to issues arising out of legally assured MSP and thus affecting the vulnerable poor the most.
- There are also the environmental costs, especially due to depleting water-table and stubble burning. E.g. - Punjab's current cropping pattern of growing paddy, which is a water guzzler (one kg of rice requires 2500-5500 litres of water), is economically unsustainable and groundwater depletion is a serious concern (the groundwater level on 92 per cent of Punjab farms has depleted by over 0.60 metres annually). Flawed MSP system encourages such abuse of resources.
- Last, but not the least, data show that hardly 6 per cent of farmers are able to benefit from the MSP. Thus, making it a law will keep a substantial section of small and marginal farmers outside this privilege and lead to socio-economic inequality apart from geographical imbalance.

Way Forward –

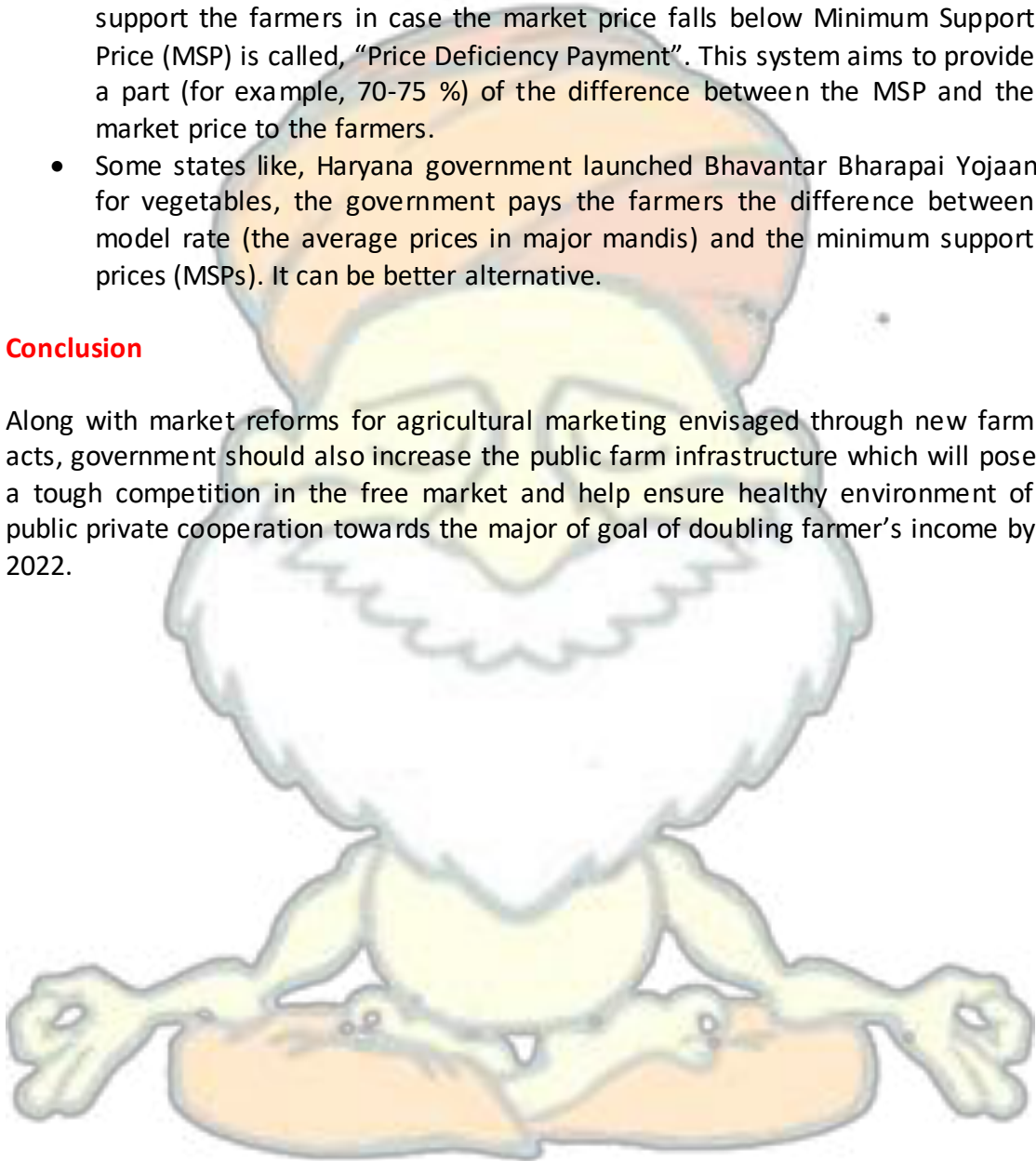
- Farmer awareness about the benefits of crop diversification so as to produce more pulses to ensure nutritional security and prevent supply-side shocks.
- Impetus to improve the agriculture infrastructure should be provide such as cold storage building, warehouses for perishable production, so in case of

surplus production they will not be wasted. For instance, in this light a new pan India Central Sector Scheme-Agriculture Infrastructure Fund is established.

- NITI Aayog is working on alternative mechanism. A counterpart of the MSP is the Market Intervention Scheme (MIS), under which the state government procures perishable commodities like vegetable items.
- Price Deficiency Payment (PDP): Niti Aayog also proposed PDP; PDP is to support the farmers in case the market price falls below Minimum Support Price (MSP) is called, "Price Deficiency Payment". This system aims to provide a part (for example, 70-75 %) of the difference between the MSP and the market price to the farmers.
- Some states like, Haryana government launched Bhavantar Bharapai Yojaan for vegetables, the government pays the farmers the difference between model rate (the average prices in major mandis) and the minimum support prices (MSPs). It can be better alternative.

Conclusion

Along with market reforms for agricultural marketing envisaged through new farm acts, government should also increase the public farm infrastructure which will pose a tough competition in the free market and help ensure healthy environment of public private cooperation towards the major goal of doubling farmer's income by 2022.



3. What role does IT play in agricultural growth? Discuss with the help of suitable examples. What can be the next possible frontiers for IT in the field of agriculture? Examine.

Approach

Candidates are expected to write about Information technology as potential tool for agriculture and how application of IT will play a role in agriculture growth with suitable examples. Also highlight on few next possible IT enabled technology which can enhance the field of agronomy and increase the productivity of agriculture.

Introduction

Information technology and agriculture, both were considered incongruous to each other a decade ago, but now the scenario has changed. Today, information system is being widely incorporated with agriculture. Information technology always had the potential to increase the quality of farming and farming products. The WTO has recently made a laudable effort in promoting the information technology as an integral part of farming sector around the world.

Body

Role of IT in agriculture growth:

- E-Agriculture is a new area of knowledge emerging out of convergence of IT and farming techniques. It enhances the agricultural value chain through the application of Internet and related technologies. Basically IT helps farmers to have better access to information which increases the productivity. It also enables get better prices through information of change in price in different markets.
- Soil Management, Water Management, Seed Management, Fertiliser Management, Pest Management, Harvest Management and Post-Harvest Management are the important components of e-Agriculture where information technology aids farmers with better information and alternatives.
- The E-Agriculture is part of Mission Mode Project, which has been included in NeGP (under National E-governance Plan) in an effort to consolidate the various learnings from the past, integrate all the diverse and disparate efforts currently underway, and upscale them to cover the entire country.
- For example it uses a host of technologies like Remote Sensing, Computer Simulation, Assessment of speed and direction of Wind, Soil quality assays, Crop Yield predictions and Marketing using IT.

- Mobile is playing a big role in monitoring and controlling crop irrigation systems. With the right equipment a farmer can control his irrigation systems from a phone or computer instead of driving to each field.
- Moisture sensors in the ground are able to communicate information about the level of the moisture present at the certain depth of the soil. GPS enabled services are helping in field documentation about yield, moisture, maps for field drainage, etc.
- Site specific crop management (SSCM) i.e precision agriculture is a farming management concept. This technique focuses on utilising resources optimally to improve the quality and quantity of crops while lowering the cost of production.
- For example Uzhavan app, Ag mobile, CCMobile app, IFFCO Kisan are some of the applications developed keeping in mind the need of the hour requirements in farming. Several notable initiatives like e-choupal, Agri market, Kisan Suvidha and the more recent e-NAM had long been trying to place agriculture as the forerunner.

IT has the potential to transform agriculture into a better prospect in the wake of climate change and decrease in the cultivable land let us examine next possible frontiers for IT in the field of agriculture:

- Computer-controlled devices or automated systems. For example, automated milking systems that milk the dairy cattle without human labor. This way, farmers can save time for supervisory duties.
- RFID (Radio-frequency identification) allows easier identification and provides to data, such as bearer's location, name of breeder, origin of livestock, sex, and dates of movement. Also, RFID technology will provide improvements in controlling disease outbreaks in livestock.
- Digital Mandi App helps to check the latest Indian agricultural commodities mandi price from different states and districts. It simplify for farmers, traders and for every Indian citizen to know the mandi and trade.
- IMD and ICAR in collaboration with the different institutions like agricultural universities, there inter-institutional collaboration could be further strengthened in the field of agro-meteorological activities.
- National Mission on Agricultural Extension and Technology (NMAET) aims to plan interactive methods, using information and communication technology (ICT), which includes messaging services, web-based applications, capacity building, institutional strengthening, encouragement of public-private partnership and training services to guide farmers.
- With the new extension of ITC initiatives like Krishivihar, i-Kisan,e-kutir, e-Sagoo, ICT models- AGROWEB, Agropedia, AgrInnovate, etc. Indian agriculture has come to a long way and established several records in terms of production and productivity.

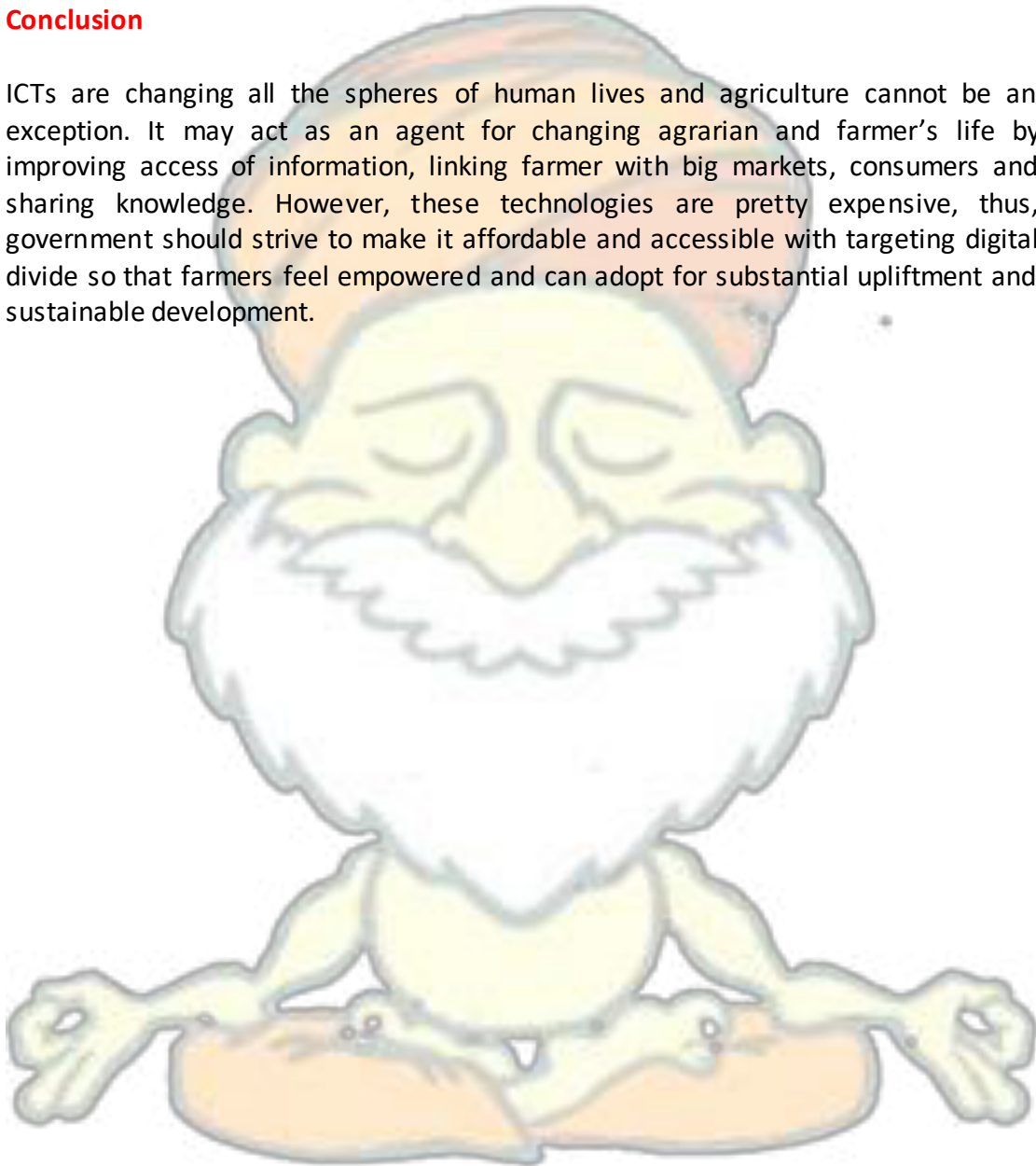
Challenges in India for adopting IT initiatives:

- In rural areas, insufficient connectivity, along with lack of basic computer knowledge, high costs for services and literacy hinder rapid development of electronic-agriculture.

- Despite the visible benefits of the new agricultural technologies, farmers either do not adopt them or it takes a long time for them to begin the adoption process and scaling up.
- Rich farmers are adopting the technology and utilizing their services but the small and marginal farmers are unable to afford the new technologies and they remain left out.

Conclusion

ICTs are changing all the spheres of human lives and agriculture cannot be an exception. It may act as an agent for changing agrarian and farmer's life by improving access of information, linking farmer with big markets, consumers and sharing knowledge. However, these technologies are pretty expensive, thus, government should strive to make it affordable and accessible with targeting digital divide so that farmers feel empowered and can adopt for substantial upliftment and sustainable development.



4. What has been the recent trend of employment in the country? What factors can be attributed to the current employment scenario in India? Discuss.

Approach- Candidate is required to outline the employment trend in context of pandemic and recession and can discuss the scenario of future employment trends in India and factors responsible for it.

Introduction

With thousands of national and multinational companies using India as a facilitator for expansion into the global economy, the country has acquired an image of a new global player on the world stage. These companies enjoy business presence spanning diverse clusters; from IT, Healthcare, Automobiles, Telecommunications, Hospitality, Construction to Education, Logistics, and Manufacturing and are known to create a massive number of jobs.

Body

Employment trend in India

- Population in India is at its all time high and growing. As per Wikipedia, the youth literacy rate is 91.2%.
- Yet India's employment situation is bad, especially with the current ongoing fight against coronavirus. The unemployment rate as of 03 May 2020 stands high at 24.1%, according to CMEI unemployment data.
- In the year 2019, there was a predictable slowdown in the economic growth and labour market, leading to employers of major companies racking their brains to overcome this crisis.
- The Indian marketplace, although witnessing the worst at the moment, sees a range of opportunities and employment trends in the offing.

What the factors driving employment scenario?

- **Skilled employees**

One major employment trend thought by major companies is to upskill their existing staff as hiring new recruits would increase their budget, which they could ill afford and be counterproductive.

The recruitment experts concluded that a major percentage of industries did not wish to increase the strength of the workforce but made sure to retain the right people for the required role.

- **Technological growth**

In simple terms, it can be defined as the unification of two technological concepts that we are already aware of for quite some time now — Artificial Intelligence and Automation.

By using this combination of artificial intelligence and automation, an organization can automate processes end to end. A typical end-to-end process involves developing and testing products, personalizing products and services, managing customer interactions and many more.

- **Work from home**

A report published in the Harvard Business Review says employees felt that commuting to their workplace was more stressful than their jobs itself. With the current pandemic that the world is facing, work from home is one trend that will definitely stand out.

Many studies have been conducted on remote working and suggest that it helps employees to have a work-life balance, thus reducing stress and increasing productivity.

- **Contractual employment**

Almost half the Indian population is engaged in agriculture, dairy farming, horticulture and many related occupations. With millions of migrant workers, most of them into agriculture, they lack stable employment.

Recently, the Indian labour workforce suffered due to low productivity growth and widening income inequality. Slowdown in the construction jobs, mounting educated youth unemployment and also lack of quality jobs have resulted in an increased Indian labour market.

- **Jobs in demand**

With the advanced technology available at our disposal, the jobs to look for in the coming decade are Digital Marketing, Artificial intelligence, Data Scientist, Cyber Security, Drone Handling.

Besides the above mentioned jobs, careers as Dieticians, Robot Engineers, Event Managers are in great demand and will continue to do so.

Conclusion

The employment trends in India looks upward but the nation has to be ready with their talent pool for the new employment demands and the skills that employers are seeking for. Reskilling and upskilling will turn out to be the winner in order to stay competent and updated with the always-hungry-for-skilled-talent workplace.

5. You must be closely following the ongoing farmers' protests. Are the fears of corporate takeover of agriculture misplaced? Share your views.

Approach

As the question is asking you to share your views so you have to give your thoughts about the particular issue.

Introduction

Some of India's farmers are among the country's poorest people, but government policies have long protected them from the ravages of open market prices. But as per the farmers that is changing now. A set of three laws passed in September aims to deregulate India's enormous agriculture sector. Prime Minister Narendra Modi has said they will liberate farmers from the tyranny of middlemen. But many farmers fear that they stand to lose more than they could gain from the new regulations and that the main beneficiaries will be agricultural corporations with gargantuan financial firepower.

Body

ARE THE FEARS OF CORPORATE TAKEOVER OF AGRICULTURE MISPLACED?

India's new farm laws make it easier for farmers to bypass government-regulated markets (known locally as mandis) and sell produce directly to private buyers. They can now enter into contracts with private companies, a practice known in India as contract farming, and sell across state borders.

The new regulations also allow traders to stockpile food. This is a shift away from prohibitions against hoarding, which could make it easier for traders to take advantage of rising prices, such as during a pandemic. Such practices were criminal offences under the old rules.

THE FEARS OF CORPORATE TAKEOVER OF AGRICULTURE ARE NOT MISPLACED

- The reform policies would only make farmers vulnerable to market forces. The deepening of capitalist market forces has already ruined agriculture, agricultural communities, farmer's lives and livelihoods in India. The market-led industrial approach to agriculture has already been driving farmers out of business and reinforces agrarian crisis, forcing them to commit suicide.
- In the united states of America, farmers today are exposed to corporate exploitation and abuse because of similar reform policies. Liberalised agricultural policies have aided the growth of very few corporations that

control American agriculture today. Such deepening penetration of market forces and the growth of industrial agriculture have led to the rise of four corporations that control around 40% of the agricultural market in the USA. It has destroyed the livelihood of small and medium farmers, rural communities and swallowed family farms there. This is because corporations, while suppressing the price of farm produce, have simultaneously increased its selling price.

- Many developed countries have witnessed land grabs by big corporations and farmers with the growth of corporatisation of agriculture. In India, the congress-led governments introduced such practices in the name of special economic zones (SEZs).
- Now with agricultural policy reforms, the current government plans to liberalise land laws further by which corporate takeover of land from the small and medium farmers in India will be easy. The corporate-led industrial agriculture in India will create conditions of industrial feudalism and corporate landlordism on the one hand, and consumerist individualism on the other.
- The corporatisation of agriculture will simply destroy the social fabric of agricultural and rural communities. Cooperative culture is converted into a competitive culture that would ruin rural communities with the growth of individualist consumerism. Market forces do not believe in diversification and they promote economies of standardisation dangerous for diversity within Indian agriculture.
- Market-led industrial agriculture dominated by corporations can never be an alternative for India and Indian farmers and the government needs to find ways to invest in agricultural cooperatives to empower farmers and generate employment by diversifying it. India and Indian farmers need socially responsible, environmentally sustainable and economically rewarding agricultural policies, and egalitarian land reforms to increase their income and where agricultural producers can directly interact with their consumers. Such an agricultural market economy would be really open, free and fair.

Conclusion

Farmers have some genuine concerns. A big one is that the new rules remove many of their safeguards. More than 86 percent of India's cultivated farmland is controlled by smallholder farmers who own less than two hectares (five acres) of land each. They fear that they just do not have enough bargaining power to get the kinds of prices they need for a decent standard of living when they negotiate to sell their produce to larger companies. They feel that the government has left them at the mercy of big corporations. Without strong institutional arrangements, the free market may harm lakhs of unorganised small farmers, who have been remarkably productive and shored up the economy even during a pandemic hence there is a need for strong institutional arrangements before unleashing the laissez-faire policy in Indian agriculture.