

‘India should reform agriculture to meet medium-term growth objectives’

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India needs to pursue reforms in agriculture vigorously and reduce the inefficiencies in the public system of food procurement, distribution and storage to ensure medium-term growth and help in job creation, the International Monetary Fund (IMF) said on Wednesday.

“Reforms in agriculture, in particular to reduce inefficiencies in the public system for food procurement, distribution and storage, as well as lessen impediments to interstate movement of agricultural produce, should be instituted,” it said.

India’s growth in agriculture and

allied sectors is expected to be 1.1 per cent in 2014-15, down from 3.7 per cent in 2013-14, due to the impact of low southwest monsoon on both kharif and rabi harvests.

According to a recent report from the Central Statistics Office (CSO), Indian farming underwent a major structural shift during the period between 2004-05 and 2012-13. It showed the share of horticulture in total gross value of agriculture rose from 28 per cent in 2004-05 to 33 per cent in 2012-13 while that of cereal crops declined from 30 per cent in 2004-05 to 28 per cent in 2012-13.

Indian farming underwent a major structural shift between 2004-05 and 2012-13, according to a recent CSO report

The IMF also pointed out that supply-side bottlenecks and structural challenges — particularly in the agriculture, mining and power sectors — constrain medium-term growth and hinder job creation. According to the Fund, inadequate irrigation infrastructure is among the factors hampering agricultural production in India.

Out of India’s total cropped area of 192 million hectares, less than half is under irrigation. The IMF noted that the government had taken the steps to increase the minimum support price for cereal crops in 2014-15.