

INDIA: AN AGRICULTURAL POWERHOUSE OF THE WORLD

Unknown to many, India's agricultural products fetches higher earnings than trade in services or manufacturing. With proactive support, India can further enhance its farm exports and contribute to its prosperity

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The anatomy of global agriculture has undergone a complete metamorphosis in recent decades and is structurally very different now. According to the World Factbook of the CIA in 2014, the global agricultural output was \$ 4,771 billion. But a full 42 percent of this output comes from just six countries - China (\$ 1,005 billion) is the largest producer, followed by India (\$ 367 billion). The US is third (\$ 279 billion), followed by Brazil (\$ 130 billion), Nigeria (\$ 122 billion) and Indonesia (\$ 121 billion). As one can see, five of the six global leaders in agricultural output are developing countries. In fact, China and India alone account for close to 30 percent of the global total.

According to the Food and Agriculture Organization (FAO), there are more than 570 million farms in the world, and 70-80 percent of them are family farms, accounting for more than 80 percent of the world's food in terms of value. Only four percent of these farms are present in high-income countries. Clearly, family farming forms the backbone of agriculture in developing countries.

Meanwhile, the world's population is projected to grow from about 7 billion in 2012 to 9.6 billion people by 2050. According to Alexandratos, N and J Bruinsma in 'World agriculture towards 2030/2050', food supplies need to increase by 60 percent (estimated at 2005 food production levels) in order to meet the food demand in 2050. India's domestic demand for food and fibre is expected to go up considerably as the country has the second-largest economically active population in the world.

The need of the hour is strategic thinking and rapid but thoughtful action that will result in increase in production and reduction in wastage. The UN-FAO

estimates that nearly 30 percent of foods produced are wasted post-harvest, resulting in huge economic losses in addition to a negative environmental footprint. Food availability and accessibility can be made better by increasing production, improving distribution, and reducing these losses. Thus, reduction



of post-harvest food loss is a critical component of ensuring global food security.

In the next 10-15 years, it is expected that 75 percent of primary agricultural production will come from Asia, South America and Africa. Efforts have to be made to protect crops from pre-planting to post-harvest for ensuring enough food is produced to feed the world. Thus, crop protection is a key component in guaranteeing food security.

India: Leading the agriculture revolution

Contrary to popular perception, India's agriculture is a success story, worthy of professional discussions in global forums. India ranks 11th and 12th globally in services and manufacturing sectors respectively, and second in the world in the agricultural sector. Indian agriculture in the 21st century is structurally dissimilar, diverse, stronger and superior to the one that existed during the Green Revolution.

In the three decades from the 1970s until the late 90s, India's agricultural GDP grew from \$ 25 billion to \$ 101 billion registering an absolute growth of \$ 76 billion. However, in the next 14 years from 2000 to 2014, it leaped from \$ 101 billion to \$ 367 billion, registering an astonishing growth of \$ 266 billion. In oth-

er words, the growth in agriculture in the last 14 years was 350 percent higher than the one achieved in the previous 30 years.

Another fact that many are unaware of is that this growth is being led by states not conventionally perceived as agriculturally progressive. The drivers of India's growth are actually high-value segments such as dairy, horticulture and inland fisheries. These three segments provide farmers with year-round income and account for 60 percent of India's agricultural GDP. No wonder, the states of Uttar Pradesh, undivided Andhra Pradesh and Maharashtra now make up the top three in agricultural production, relegating grain-centric states like Punjab and Haryana to 10th and 12th rank respectively.

Indian agriculture is no longer an underdog. It has progressed rapidly in recent years and ranks now as the second-largest food producer in the world, touching \$ 367 billion in 2014. The

country's agricultural production is far above that of the US, which once supplied food grains to India to tide over our domestic food shortage. Unknown to many, India's international trade in agricultural products fetches higher earnings for the country than trade in services or manufacturing.

As a nation, we have several strengths that poise us well. India has a high diversity of topography, climate and soil, so it is inherently a multi-product agricultural powerhouse. No other country produces as many crops as we do. India's cropping intensity is the highest in the world. The country's small-sized, family farms practice a unique kind of mixed agri-horti-livestock farming, which is a cost-effective model ideal for other developing nations with small farms. Indian farmers multi-task, and shift with ease from crop cultivation to animal husbandry, thereby remaining engaged throughout the year. By and large, this versatility has transformed the Indian agricultural sector into a global leader.

As per the WTO, India ranks 19th in merchandise exports, but 6th in agricultural exports. This shows India's global competitiveness in agriculture. In 2014, the world's exports in agricultural products stood at \$ 1,765 billion and India's share of this was 2.5 percent. With better focus, India's agri-exports can easily achieve at least 5 percent share within next three years.

India must focus its resources, attention, skills and expertise on the agriculture sector to ensure self-reliance in terms of future food supply, and a steady growth of income from exports.

The government has to take steps to aid and enhance India's agricultural production with proven farming technologies and agri-inputs. For instance, despite India growing the maximum varieties of edible oils, it is the largest importer with 14 million tonnes, worth \$ 10 billion per year. The second largest agri commodity that India imports is pulses, predominantly dry peas (*Pisum sativum*). There is an urgent need to change this. Step by step, efforts have to be made to move India forward to achieving self-sufficiency in these crops, furthering the country's food security.

Ensuring rural prosperity

Seventy percent of India's population is rural, and contributes about 50 percent of India's GDP. Agriculture is the biggest private enterprise in India in over 600,000 villages. That India ranks second globally in agricultural production demonstrates that it is rural economic activity that is responsible for (and key to) India's growth and place on the world stage.

A study by the United Nations Sustainable Development Solution Network shows that improved farming practices result in increased productivity in agri-

culture, livestock and fisheries. Improved infrastructure and better access to markets promote rural prosperity.

Encourage Farm-in-India for a bright future

According to the World Bank, India has brought about a landmark agricultural revolution that has transformed the nation from chronic dependence on grain imports into a global agricultural powerhouse that is now a net exporter of food. The government must recognise Indian agriculture as being export-oriented and a significant foreign exchange earner.

This recognition and aggressive promotion will build the right image of Indian agriculture and also stop the negative narratives. Proactive promotion will further increase India's farm exports, in turn bringing price and income stability and contribute to its rural prosperity. Finally, fast-track clearance of investment, production proposals including innovative technologies for agri inputs will considerably help, too. The Make in India initiative is a stage with great potential to recognise and champion Indian farmers, and provide the country with opportunities for a brighter future.

Agriculture leads net foreign exchange earnings

Contrary to the belief that services is driving India's exports and also net foreign exchange earnings, the data of import & exports from multiple organisations such as UNCTAD, WTO, IMF, etc, indicates that agriculture wins the battle hands down (refer Table 1).

Table 1: India's international trade in services and agriculture

	2013		
	Exports	Imports	Surplus
Agriculture	47	24	23
Services	149	126	23
2014			
Agriculture	37	19	18
Services	156	148	8

Values in \$ billion

Source: UNCTAD, WTO, IMF

As per the data, India's services sector is highly import-intensive (since all the softwares used in any digital equipment have to be licensed from abroad). In 2014, India earned net \$ 8 billion from \$ 304 billion trade in commercial services.

On the other hand, agricultural trade of \$56 billion in 2014 fetched as much as \$18 billion in trade surplus. This is because while in services trade imports account for a lion's share, in agriculture imports component is negligible since basic resources such as sunlight, land, water, labour, etc are all available in the country. Hence, the government should frame policies to encourage exports from agriculture & allied sector and bring in greater rural prosperity.