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GENERAL STUDIES 3: AGRICULTURE
TOPIC: REFORM THE FARM SECTOR

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WHAT CAN THE BUDGET DO FOR AGRICULTURE

Steps Ahead to Reform the Farm Sector in India: Detailed Action Points

1. Holistic Agricultural Approach:

- **Comprehensive Food System:** Treat agriculture as a complete ecosystem that integrates production, marketing, and consumption, ensuring a balanced approach to all stages of the food supply chain.
- **Access to Credit and Inputs:** Ensure farmers have easy access to affordable credit, high-quality inputs (seeds, fertilizers, machinery), and farmer-centric advisory services. This can be achieved through institutional reforms and partnerships with financial institutions.
- **Promotion of Sustainable Farming:** Emphasize organic farming, integrated pest management, and soil health management to ensure long-term sustainability while increasing crop productivity.
- **Strengthening FPOs and Cooperatives:** Empower Farmer Producer Organizations (FPOs) and cooperatives to allow farmers to collectively bargain for better prices, market access, and resource allocation.

2. Value Chain Development:

- **High-Value Crop Value Chains:** Establish robust value chains for high-value crops such as fruits, vegetables, dairy products, fisheries, and poultry. Collaborate with the private sector, cooperatives, and farmer-producer companies to enhance these value chains.
- **Public-Private Partnerships (PPP):** Encourage PPP models and integrate schemes similar to the **Production Linked Incentive (PLI)** to boost productivity and expand the value chain network.
- **Efficient Processing and Storage:** Develop better processing units, cold storage facilities, and transportation networks to reduce post-harvest losses and enhance value addition at various stages of production.

3. Access to Technologies and Markets:

- **Technology Access:** Facilitate farmer access to cutting-edge agricultural technologies, including precision farming tools, weather forecasting systems, and genetic improvements (e.g., heat- and drought-resistant crops).



- **Market Integration:** Integrate farmers into global and regional markets through improved connectivity, e-marketing platforms, and direct linkages to consumers, ensuring better prices and higher profits.
- **Policy Reforms:** Reduce export bans, stock limits, and market price suppression practices that tend to harm farmers by ensuring they receive fair prices for their produce. Repeal or rationalize policies that skew the market in favor of consumers at the cost of farmers.

4. Reform Fertiliser Subsidy System:

- **Ministry of Agriculture Involvement:** Transfer the responsibility of managing fertiliser subsidies to the **Ministry of Agriculture and Farmers Welfare** instead of the Ministry of Chemicals and Fertilisers to improve its alignment with agricultural needs.
- **Balanced Fertiliser Usage:** Reform the subsidy system to balance the use of nitrogen, phosphorus, and potassium, ensuring optimal nutrient application for soil health and productivity.
- **Direct Benefit Transfers (DBT):** Transition from a blanket fertiliser subsidy to a direct benefit transfer system, allowing farmers to choose between chemical fertilisers, bio-fertilisers, and organic/natural farming practices based on their specific needs.
- **Encouraging Bio-fertilizers and Nano-technologies:** Incentivize the use of bio-fertilisers and cutting-edge technologies such as nano-urea to reduce dependency on chemical fertilisers and promote sustainable farming practices.

5. Inclusive Growth and Social Security:

- **Comprehensive Crop Insurance:** Expand and enhance crop insurance schemes to ensure that farmers are protected against unpredictable climatic events and economic shocks. This could be done by improving the Pradhan Mantri Fasal Bima Yojana (PMFBY) and increasing coverage.
- **Income Support Programs:** Strengthen income support initiatives like PM-KISAN to provide financial stability to small and marginal farmers, ensuring their livelihoods in times of market or climate volatility.
- **MSP Procurement Assurance:** Ensure the procurement of crops at Minimum Support Prices (MSP) to stabilize farm incomes and reduce farmer vulnerability to market fluctuations.

6. Creating Climate-Resilient Agriculture:

- **Investment in Climate-Resilient Technologies:** Increase investments in the development and adoption of climate-resilient agriculture practices, including heat- and flood-resistant crop varieties.
- **Efficient Water Management:** Focus on smart irrigation systems like drip and sprinkler irrigation to improve water-use efficiency. Ensure that water conservation technologies are widely adopted, emphasizing “more crop per drop.”



- **Resource Optimization:** Invest in water management infrastructure, including rainwater harvesting, watershed development, and the construction of small-scale water storage systems to help farmers manage water resources better.
- **Precision Agriculture:** Encourage the use of precision farming techniques, such as satellite-based systems, soil health monitoring, and data analytics, to help farmers make informed decisions and optimize resource use.

7. Rationalizing Export and Domestic Market Policies:

- **Remove Erratic Export Controls:** Rationalize export bans and restrictions on essential commodities like onions, wheat, and rice to ensure farmers get fair market prices and to prevent surplus produce from being dumped in the domestic market at unsustainable prices.
- **Support for Market Dynamics:** Align domestic agricultural policies with market dynamics to eliminate implicit taxes on farmers and allow them to benefit from competitive market prices.
- **Encourage Free Market Operations:** Allow for the free flow of agricultural goods across state borders, remove stock limits on traders, and liberalize futures market regulations to enhance farmer participation in a free-market environment.

8. Enhanced Agricultural Research and Development (R&D):

- **Increased R&D Funding:** Double the agricultural R&D allocation from less than 0.5% to at least 1% of the agri-GDP, as part of the Union Budget 2025-26, to fund innovations in sustainable farming, climate-resilient crops, and soil health.
- **Focus on Climate-Resilient Crops:** Prioritize the development of crop varieties that can withstand changing climatic conditions such as drought, heat, and water scarcity.
- **Collaboration with Global Research Institutions:** Foster partnerships between Indian agricultural institutions and global research bodies to bring in new technologies and practices that can be tailored to Indian conditions.

9. Transition to Sustainable Farming Practices:

- **Scaling Natural Farming:** While the **Natural Farming Mission** is a promising initiative, the focus should also be on scalability and ensuring that it can support the growing population.
- **Promote Agroforestry and Carbon Sequestration:** Encourage agroforestry and other methods to sequester carbon in soils, contributing to climate mitigation and improving soil fertility.
- **Resource-Efficient Practices:** Adopt practices that ensure efficient use of resources, including organic carbon retention, reduced water consumption, and energy-efficient practices across the agricultural value chain.



10. Building Farmer Trust and Transparency:

- **Effective Communication:** Ensure that farmers are informed and involved in policy-making processes through transparent communication channels. This builds trust and ensures policies are successfully implemented on the ground.
- **Capacity Building:** Conduct regular training and awareness programs for farmers to familiarize them with new technologies, government schemes, and sustainable farming practices.

By addressing these key areas, India can ensure long-term agricultural growth that benefits farmers, enhances food security, and promotes environmental sustainability. The Union Budget 2025-26 presents a significant opportunity to transform the agricultural sector by adopting policies that integrate climate resilience, technological advancements, and market reforms.

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