



KAMARAJ IAS ACADEMY
Only IAS Academy by Grandson of "Perunthalaivar Kamarajar"

Growth of agriculture through private investments

Published On: 08-01-2024

Why is in news? Private investments in agriculture must increase five-fold, urges CACP Chairman

Commission for Agricultural Costs and Prices Chairman Vijay Paul Sharma gave a clarion call to **increase private investments in the agriculture sector five times by 2030**, while urging farmers to look at opportunities beyond food.

Stating that farmers must look to tap opportunities, Sharma said they should look at meeting industrial needs such as ethanol through maize and other crops.

It would be important to **invest in productivity-enhancing agriculture practices** that use fertilizer, high-yielding seeds and irrigation.

But it should have a minimal impact on the natural resources to sustain long-term food security, **stressing the need for the research agenda** to be re-oriented to prioritise breeding stress-tolerant crop varieties and climate-smart practices.

News Summary - Some experts speaks:

The **sugar sector** could take the lead in **implementing smart agriculture** over the next few years.

On the other hand, maize, which consumes less water, is considered a future crop to meet the ethanol industry demand and help combat climate change, said speakers at the panel discussion on the **'Challenges posed by Climate Change'**.

In the session on 'resilient supply chains', experts called for **promotion of technologies** that give farmers **price visibility and phygital** (physical and digital) **infrastructure** to help them discover better prices.

Experts discussing the **'Role of Women in Agriculture'** said women need to be **kept at the centre-stage** while designing policies. There must be a change of perception to ensure women farmers, especially small-holders, are provided with access to technology and considered entrepreneurs.

The panel on **'Easing access to finance for farmers'** told the Summit that the **fintech agri ecosystem is likely to add \$100 billion** (about ₹8-lakh crore) to the country's GDP, currently valued at about \$3.5 trillion, in the next five years on the back of booming investment in the agriculture sector.

The Centre was urged to be **"realistic" in distributing free foodgrains through the public distribution system** by experts at the panel on 'Food Security' said. Destination production on foreign soil should be borne out of a sovereign understanding between the two countries to avoid the risks many global attempts have faced in the past, they said.

At the session **'Tapping livestock sector potential'**, industry experts said dairy, poultry and fisheries can provide nutritional security to the malnourished in the country at an affordable cost.

About:

Kamaraj IAS Academy

Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthy Colony, Anna Nagar, Chennai, Tamil Nadu 600040
Phone: **044 4353 9988 / 98403 94477 / Whatsapp : 09710729833**

According to a **report by S&P Global**, innovation in agriculture can help India cut emissions, improve energy security, and boost farmers' incomes.

The report also highlights that Indian agriculture can help the nation **tackle three of its biggest challenges** — feeding a huge and expanding population, ensuring sufficient energy supplies, and curbing emissions.

The Indian government has **already rolled out policy reforms to incentivize corporate sector investments** in the agriculture sector.

Additionally, the **Ministry of Electronics and Information Technology and McKinsey & Company** have reported that India has the potential to add 23% to the current value of agricultural produce through digital agriculture by 2025, translating to a potential economic value of \$50-65 billion.

It is important to note that private sector investment can play a vital role in delivering **inclusive economic growth, environmental sustainability, and poverty reduction** if it adheres to some key principles, such as focusing on local food markets, working with producer organizations, and respecting the rights of small-scale producers, workers, and communities.

Accelerating private investment in the agricultural sector can be a **win-win situation for both the investors and the farmers**, provided that the investment is made in a sustainable and responsible manner.

Indian agriculture, which is a critical sector for the economy, **accounting for a fifth of GDP**, is now at the crossroads with lack of funds hampering farmers. Many farmers are having advanced technologies at their disposal while facing problems of climate change at the same time.

Challenges of private investment in agriculture:

Private investment in agriculture can play a significant role in the growth and sustainability of the agricultural sector in India.

Indian agriculture can help the nation tackle three of its biggest challenges — **feeding a huge and expanding population, ensuring sufficient energy supplies, and curbing emissions**.

One of the biggest challenges is the **lack of infrastructure**, such as irrigation facilities, storage facilities, and transportation networks. This can lead to **post-harvest losses and reduce the efficiency of the supply chain**.

Another challenge is the **lack of access to credit and financial services** for small-scale farmers. This can limit their ability to invest in new technologies and inputs, which can reduce their productivity and income.

It can sometimes lead to **land grabbing, displacement of local communities, and environmental degradation**.

To avoid these negative impacts, private sector investment must adhere to some key principles, such as focusing on local food markets, working with producer organizations, and respecting the rights of small-scale producers, workers, and communities.

Examples of private investment in Indian agriculture:

Mahindra Agri Solutions: This company provides end-to-end solutions to farmers, including crop advisory services, soil and water testing, and market linkages.

Netafim: This company provides drip irrigation systems to farmers, which can help reduce water usage and increase crop yields.

Kamaraj IAS Academy

Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthy Colony, Anna Nagar, Chennai, Tamil Nadu 600040
Phone: **044 4353 9988 / 98403 94477 / Whatsapp : 09710729833**

AgroStar: This company provides farmers with access to agricultural inputs such as seeds, fertilizers, and pesticides through a mobile app.

BigHaat: This company provides farmers with access to a wide range of agricultural inputs, including seeds, fertilizers, and pesticides, through an online platform.

Way ahead:

Improving infrastructure can help reduce post-harvest losses and increase the efficiency of the supply chain, which can make the sector more attractive to private investors.

Providing farmers with **access to credit and financial services** can help increase their productivity and income, which can make the sector more attractive to private investors.

Digital technologies can help farmers increase their income, improve crop yields, and access markets beyond their local area.

The Indian government has already launched the **Digital Agriculture Mission 2021-2025** to encourage and speed up projects based on cutting-edge technologies, including AI, blockchain, remote sensing, robots, and drones.

Private investors can also play a role in promoting digital agriculture by investing in agri-tech start-ups and other digital agriculture initiatives.

Private investment in **research and development** can help farmers adopt new technologies and practices that can increase their productivity and income.

Conclusion:

In conclusion, increasing private investments in the agricultural sector can be a win-win situation for both the investors and the farmers, provided that the investment is made in a sustainable and responsible manner. The Indian government has already taken steps to promote private investment in the agricultural sector, and there is a lot of potential for growth in the coming years.