Editorial 1: Separating the Wheat from Agri-policy Chaff

Context
- After the new legislation for agriculture has been passed and demand by farmers for continuation of Minimum Support Price (MSP) several questions have been raised.
- Questions like whether the Government should use taxpayers’ money to provide subsidies to the farming community, why have successive governments used the exchequer to provide

Background
- Farm subsidies and how much does India spend on farm subsidies as compared to those of other countries having substantial interests in agriculture. Adverse terms of trade:
  - In 1950-51, agriculture’s share in the country’s GDP was 45%, and the share of the workforce dependent on the sector was 70%.
  - Seven Decades later agriculture’s share in GDP is below 16%, but almost 50% of the country’s workforce is dependent on it.
  - Such Huge squeeze in agriculture is due to the adverse terms of trade.
  - Agriculture has been facing adverse terms of trade since 1980’s and even during the phases when the terms of trade have moved in its favour like in 1990’s and 2012-13 there was no upward trend in agriculture due to terms of trade of Nonagricultural sectors.
  - Erosion of farm incomes was triggered by growing inefficiencies, caused due to lack of investment in agriculture.
  - The share of investment in agriculture has been declining drastically
    - From 18 percent in 1950 to 11 percent in 1980 and 7.6% average share from 2014 onwards.
  - India has systematically ignored the need to step up investment in agriculture, for efficient use of farm resources and improving farm incomes.
A look at yields

- India's ranking in terms of yield of wheat and rice is 45 and 59 respectively in 2019.
- The existing marketing system dominated by the Agricultural Produce Market Committees has always been against the interest of small farmers.
- The recent policy of including middlemen in the line would further increase the plight of farmers.

Need for a policy

- There is a lack of coherent agricultural policy and the agricultural problems should be solved in a comprehensive manner instead of making ad hoc policies.
- The magnitude of this failure can be understood because the United States, with less than 2% of its workforce engaged in agriculture, has been enacting farm legislations every four years after the enactment of Agricultural Adjustment Act, 1933.
- European Common Market also adopted its Common Agricultural Policy in 1962, comprehensively addressing the needs of the farm sector.

Issue of farm subsidies

- The Government instead of putting in place a comprehensive set of the farmer and friendly policies to improve the economic viability of the sector, successive governments has chosen to dole out subsidies to ensure domestic food security and protecting rural livelihoods.
- Wanton distribution of subsidies without a proper policy framework has distorted the structure of production resulting in undesirable outcomes in terms of excessive food stockpiling.
- Subsidies are the survival kit of Indian farmers without solving the fundamental problem of farmers.
- Members of the World Trade Organization (WTO) are expected to notify their agricultural subsidies as a part of their commitment under the Agreement on Agriculture (AoA); the subsidy notifications would provide a good basis to understand where India stands vis-à-vis other countries in this regard.

Economically weak farmers

- India provided around $56 billion subsidies to “low income or resource-poor farmers”. These are the farmers whose holdings are 10 hectares or less.
- In India, 99.43% of its farmers are low incomes or resource-poor.
- The two major providers of farm subsidies, namely, the U.S. and EU gave much larger magnitudes of support than India.
- America provided $131 billion and EU provided $93 billion in 2017-18.
- Absolute numbers do not provide a good yardstick to compare the farm subsidies; the ratios of subsidies to agricultural value addition for the three countries give a much better picture.
India’s farm subsidies were 12.4% of agricultural value addition, while for the U.S. and the EU, they were 90.8% and 45.3%, respectively.

Conclusion
- There is a need for comprehensive farmer policy to resolve the distress of farmers and improve the agricultural economy and governments must give a rethink on subsidies it provides as it is not causing value addition.

Source

Editorial 2: Straws in the wind in south block

Context
- The covid 19 pandemic, the impasse on the border with China, restrictions on travel, unsettled situation in U.S. Developments in west Asia have created a lull in foreign policy.

The China Challenge
- The frustration over the continuing occupation of Indian Territory by China, Mr Biden formula in dealing with China has certain challenges.
  - India’s pandemic diplomacy figures prominently in the projection of its foreign policy
  - The spike in demand from different countries for pharmaceuticals, like hydroxychloroquine and paracetamol, have made India ramp up its production and involve in international collaborations.
  - Increasingly visible integration of foreign and defence policies has added a new dimension to policymaking and execution.
  - The visit of the Chief of the Army Staff and the Foreign Secretary to Myanmar and Chief of Research and Analysis wing to Nepal to discuss on the challenges of intense terrorism, border security issues and large sea disputes is a good step towards national unity and integrity and international cooperation.
  - There have been hints of India distancing itself from globalization, following India’s decision to keep out of the Regional Comprehensive Economic Partnership by bringing in the concept of Atma Nirbhar Bharat by reducing demand on Chinese goods also opting out of Chinese belt and Road initiative.

Intolerance of criticism
- India has resorted to intolerance of international criticism of internal developments like displeasure overstatements or actions of other countries that are prejudicial to their national interests like slapping trade sanctions, refusing to recognize the government in power, and getting the critical country expelled from international organizations.
- In recent times, two boycotts by Mr Jaishankar have been seen as an increased intolerance of external criticism.
• First his decision not to meet Democratic Congresswoman Pramila Jayapal owing to her unflattering view of the government’s handling of the Kashmir issue.
• The second boycott was not attending the ministerial meeting of covid 19 convened by the Canada government because of the statement on agitation of Indian farmers consisting mostly of Sikhs.
• While the British Foreign Secretary was more diplomatic explaining that Sikh politics had become part of U.K. politics.

**Conclusion**

• India's policy should be supportive of our Diaspora abroad and we could have been tolerant of criticism in abroad to have good international relations.
• There have been various permutations and combinations working out in south Block for good international relations between various countries.

**Source**