

GS Advanced Program 2023**Generic Booklet****Test Name/Code/No. :**

Name			
Email ID.			
Roll No.			
Mobile No.		Date	

Allotted Time : 60 Minutes**Instructions to Candidates -**

- There are 7 Questions in this Question paper.
- All Questions are Compulsory.
- For all updates, please visit the noticeboard -
<https://noticeboard.forumias.com/gsap-2023/>

Important -

- Answers must be attempted in the QCA Booklet only.
- To upload the Answer Copies please visit to "My Course" section on -
<https://academy.forumias.com/>
- Only those copies will be evaluated which will be submitted before the next class.

Q. No.	Grade/Score
1	
2	
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Overall Grade/Score	

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Start Writing Here

Q.1)

Russia and Ukraine were the largest exporters of wheat and sunflower oil respectively, until the war between them destabilized the global food markets.

In this context, its important that agricultural exports gear up to ~~be~~ insulate itself from such happenings

How?

- ① Policy Dialogue + Treaty Agreements :-
Countries should decide & agree among themselves to keep supply chains fully open even during wars.
- ② Alternate Sources :- Identify multiple export & import destinations $\Rightarrow$ spread the risk.
- ③ Infrastructure :- Build cold storage chains to store commodities during shock periods - release it ~~when~~ ^{when} things deescalate.
- ④ Focus on Intra-country export mechanism Ex ~~NAM~~ ^{SE-NAM}.

Steps to be taken

- 1) Countries to come up with long term export policies - avoid knee jerk reactions.
- 2) Change in cropping pattern - Focus on nutritious & staple crops like millets.
↳ Ensures food security during crisis
- 3) Proper utilisation of Price stabilisation fund.
- 4) Improve Transport, Storage, Warehousing
② Post Harvest loss in India for perishes is 20%.

③ Role of multilateral Organisation
IFC launched Global food security platform to provide financing facility to private sector to respond to crisis and help support food production

Response to such crises includes efforts at both international level & domestic level.

Overall Grading (✓)

Poor			Average			Good		
1	2	3	4	5	6	7	8	9

Q.2)

Loan waiver means waiving off liability of ~~any~~ ^{the} person towards the loan, and in case of farm loan waivers → government takes over the liability of the farmer. Experts like Ashok Gulati refer to it as a populist tool.

MERITS

- ① Political Argument:- If corporate NPAs can be written off, why not farm loans?
- ② Increasing incidents of farmer suicides
 (NCRB data 2021 - An agriculture labor died every 2 hours.)
- ③ Farming no longer remunerative
 ↳ 7th round of NSO - Average monthly income of Agri household from all sources is Rs 10218/-
 ↳ Increase in input cost.
 ↳ Erratic monsoons → 50% of agricultural land is rainfed
- ④ Lack of infrastructure, storage & processing → Farmers forced to sell at cheap price.
- ⑤ Along with MSP hikes, it supports rural demand.

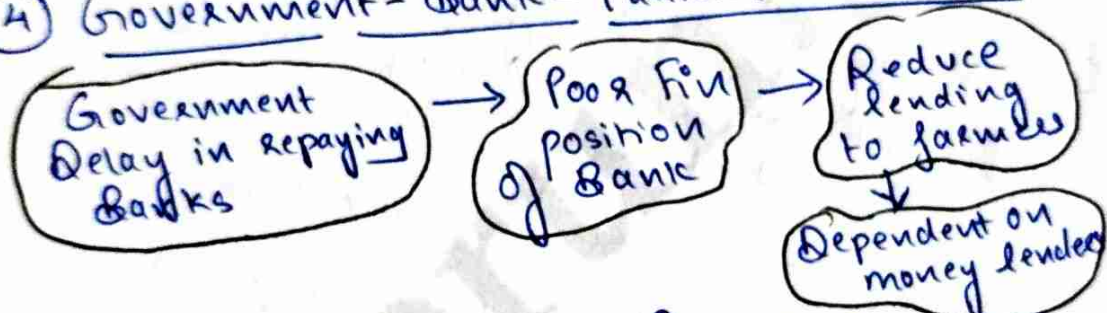
Demerits

① Niti Aayog study $\rightarrow$ $\frac{3}{4}$ of farm loans used for consumption instead of ~~meeting~~ agricultural demands.

② Widening of Fiscal Deficit
 Loan waiver in 2019 accounted for 2% of India's GDP.

③ Private Debt of farmer excluded
 only 15% of small & marginal farmer have access to institutional credit.

④ Government - Bank - Farmer Conundrum:-



⑤ Moral Hazard - Honest farmer $\rightarrow$ willful Defaulter

$\therefore$ loan waivers are more of band-aid solution and do not bring in permanent changes.

$\rightarrow$ more investment in R&D and agriculture infrastructure is required.

$\rightarrow$ A credit guarantee scheme (in line of MSME sector) should be set up for agriculture sector.

Overall Grading (✓)

Poor			Average			Good		
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Q.3)

India is the world's largest producer and importer of pulses. Pulses were part of Indian diet since a long time.

Role in Food & Nutritional Security

1) Source of protein

- ↳ Accessible to vegetarians
- ↳ Affordable for the poor

2) Long shelf life → Nutritional value intact for long.

3) Drought resistant → Food security during climate crisis

4) Low fat + High fiber

5) Orthodox seed storage behavior → Germinate after being stored for long period → Insurance against disasters.

6) Excellent choice for intercropping → adding to food security.

7) Antioxidant & anti-carcinogenic effects.

Pulses

- Masoor
- Channa
- Urad
- Moong
- Gram

Issues

- 1) No open procurement by government; less procurement
- 2) Farmers unwilling to cultivate pulses as compared to cash crops
- 3) Use of low quality traditional seeds → low output.
- 4) Cobweb phenomena → High price fluctuations + changing production

Way Forward

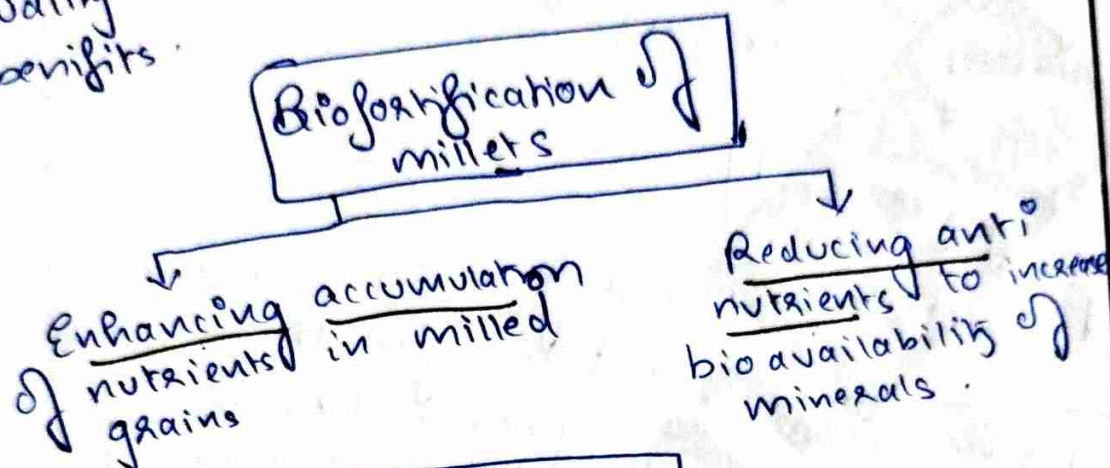
- 1) State government initiatives
 [Ex] Moong Experiment of Punjab
- 2) Increasing quota of pulses in PDS
- 3) Increasing awareness of health benefits of pulses.
- 4) Investment in R&D for developing high quality seeds.
- 5) Appropriate policies to support marketing of pulses in local trade systems.

Overall Grading (✓)

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Q.4)

Biofortification refers to deliberately increasing the essential micronutrients of food products to improve nutritional quality and provide public health benefits.



A Sustainable Solution

1) Tackle Anaemia:-

🌐 NFHS 5 Data → 57% of women in India is anaemic

📦 High Iron Pearl Millet → tackle iron deficiency

2) Use in Infant food

📦 Biofortified foxtail millet, barnyard millet etc. can be used.

3) Cost effective :- Price increase is approximately 1-2% of total food value.

- 4) Maintains body store of nutrients more effectively & efficiently than supplements
- 5) Biofortified millets adds to the gluten free & less glycaemic index quality of millets

Way forward

- ① Promote cultivation of millet → Raw material for Biofortification

Best Practice - Telangana and Andhra government decided to incentivise farmers to shift from Paddy to millet

- ② More investment in R&D.
- ③ Tax incentives to corporates taking up biofortification of millets
- ④ Inclusion of millets in Mid Day meal scheme

With 2023 declared as International year of millets, it's right time to focus on more cultivation and biofortification of millets.

Overall Grading (✓)

Poor			Average			Good		
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Q.5)

Agriculture Subsidies include Input Subsidies (fertilizer, irrigation, power subsidy), Price Subsidy, Export Subsidy, Direct Subsidy (PM KISAN) etc.

Role Played by Agriculture Subsidy Positives

- ① Transformed India from begging bowl to food basket of the world.
- ② Prices of basic food items have remained relatively stable.
- ③ Increased income of farmers — especially in irrigated regions → led to increase in reinvestment in agriculture

But now, time to Rethink

1) Drain on Public Finance :-

 ~ 20.6% ↓ fertilizer subsidy in 21-22

2) Pressure from WTO :- To reduce India's amber box subsidies.

3) Benefits mostly accrued to rich farmers → Economies of scale

4) Mindless use of water & soil degradation

 In the last decade the water table of 84% observation wells in Punjab & 74% in Haryana has shown a decline

 N:P:K ratio (4:2:1 $\Rightarrow$ ideal) is 31:4:1 in Punjab

5) Mal practice

 Subsidised electricity diverted for home use also.

6) Trade distortion - Increased exports of input intensive crops like Rice $\rightarrow$ Virtual water export

7) Reduced capital investment in Agriculture

 Ashok Gulati pointed out that Rs 10 lakh invested on farm research pulled 328 people out of poverty, while similar amount in fertilizer subsidy pulled just 26 people out of poverty.

ing in this

How to Repurpose Agricultural Support

- ① Rationalize Subsidies :- Phase out 'non-merit' subsidies (recurrent & promote inefficiencies) and promote 'merit subsidy' (one time with strong +ve externality)
- ② Capital investment :- Ex modernising APMC
- ③ Promote FPOs (As suggested by Ashok Dalwai Committee)
- ④ Focus on DBT and financial inclusion
- ⑤ Focus on Price Deficiency Payment System (like PM AASHA and Bhavantar Bhugta Yojana of Madhya Pradesh)

A multipronged approach is required to free the current agriculture subsidy system which is cereal centric, regionally biased and input intensive.

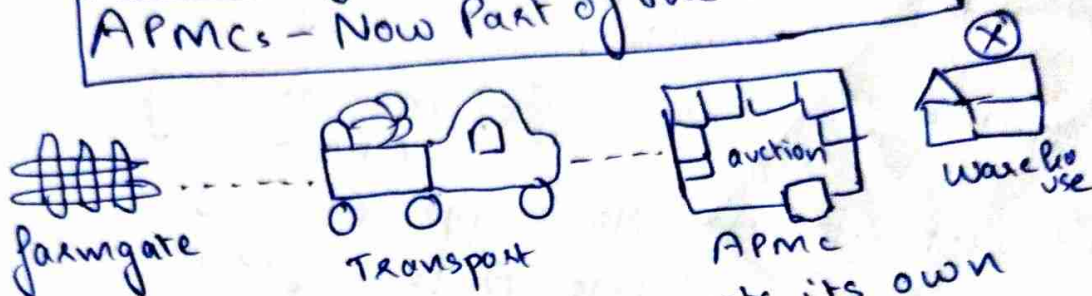
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Q.6)

India currently has around 2500 APMCs which was set up to bring transparency and end discretion of traders in the marketing of agricultural producers.

APMCs - Now Part of the Problem



Each of the above presents its own problems

① Poor farmers often do not have enough resources to ^{reach} APMC - Far away location

 Now 1 APMC serves 450 sq km.

② Poor roads in rural areas - Difficulty in transportation.

③ High fees to be paid by farmers :-
commission + marketing fee + APMC etc

④ No. of unspecified fee paid by farmers :-
 "Palledaxi" → Unloading fee
"Tullai" → Weighing charges.

⑤ Monopoly of APMC :- Bulk Sale of notified products only through APMC, No other alternative to farmers.

⑥ Entry Barriers for traders →
 High licence + High Rent → Lack of players
 ↓
 Decreasing competition
 Only rural & urban elites operate APMC

⑦ Conflict of Interest :- APMC play the dual role of regulator & market

⑧ Cartels formed by Traders → Low Bid

⑨ Lack of infrastructure for weighing, sorting, storage →

↳ "Dark Sales" → All produce heaped into one pile & sold

↓
 No incentive for farmers to produce quality products

↳ Distress Sale - No storage option.

- ⑩ ^{open} Money lender act as 'Aadharaniyas' in APMC making farmer sell his produce at cheap price.

Way Forward

- ① States should implement the model APMC act

- PPP in management and development of APMC
- Processing and value adding facilities in APMC
- Establish State Agricultural Produce Marketing Standards Bureau - Quality certification
- Private players and cooperatives to be given license to set up agricultural market.

- ② Scaling up of eNAM

- ② Scaling up Negotiable Warehouse receipts (as recommended by Ashok Dalwai committee)

Overall Grading (✓)

Poor			Average			Good		
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Q.7)

MSP is the price at which government purchases crops (23 crops) from farmers irrespective of their market price. It is aimed at protecting farmers from price glut, to encourage investment in farming and ensure food security of the country.

Since there is a lack of procurement by FCI and farmers being often forced to sell in the open market, there is a call for legalisation of MSP.

Statutory MSP - Might not be a panacea

- ① Further accentuate the cereal-centricity (rice + wheat) of Indian Agricultural System → Environmental cost
- ② Bumper Harvest → Fall of Price → But no procurement by private sector
fear of penalty. ←

- ③ High Procurement cost $\rightarrow$ Food Inflation
- ④ Rise in fiscal deficit
- ⑤ Overflow of FCI Buffer stock —
High storage + wastages cost
- ⑥ Furmer highlight the amber box subsidy issue in WTO
- ⑦ Only 6% of farmers are aware about MSP (Shanta Kumar committee)

Alternate solution

- ① Invest in agricultural Infrastructure + R&D. $\rightarrow$ Increase productivity
- ② Education + Awareness among farmers
- ③ Promotion of non-farm rural employment centers.
- ④ Ex Food processing centers.
- ④ Providing institutional credit.

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anything in this Area)

ForumIAS

- ③ Broaden Insurance coverage
(PM Fasal Bhinna Yojana)
- ⑥ States to adopt best practices of
other states

③ Rhythu Bhasosa Kendra of
Andhra Pradesh
Seeds to Sales - One stop
solution to all needs &
Grievances

Rather than focusing on legalizing
MSP, government should take
a holistic approach to solve
the existing farm crisis.

Overall Grading (✓)

Poor			Average			Good		
1	2	3	4	5	6	7	8	9