

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

India

Morvarid BAGHERZADEH

Directorate for Food, Agriculture and Fisheries, OECD

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Policy context

Agriculture is a very important sector

20% of GDP

60% of employment

Slower growth than other sectors

10% Services

8% Industry

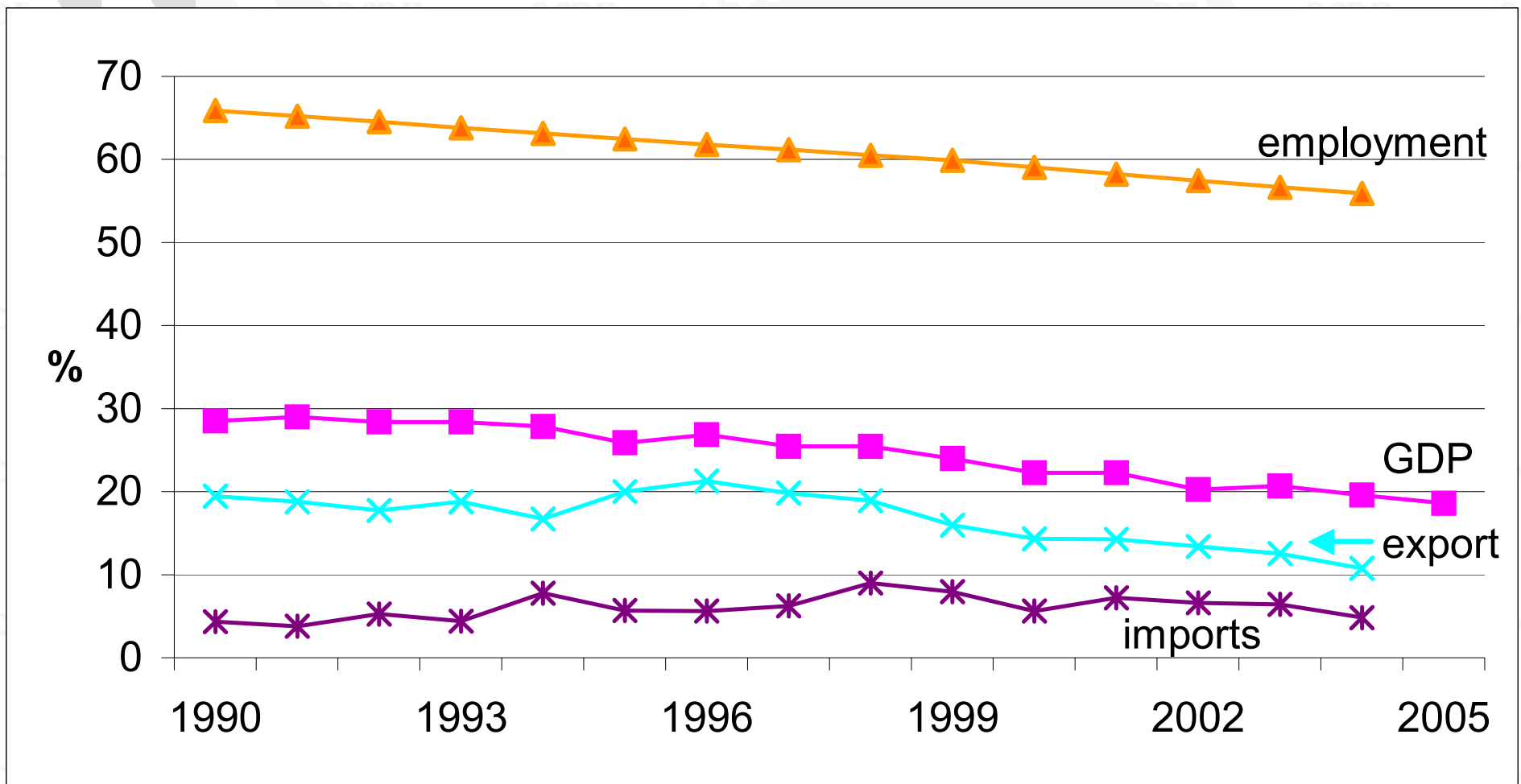
<4% Agriculture

Less integrated in global markets

10% exports

5% imports

Share of agriculture in employment, GDP, trade



Policy context (ctd.)

Small farms:

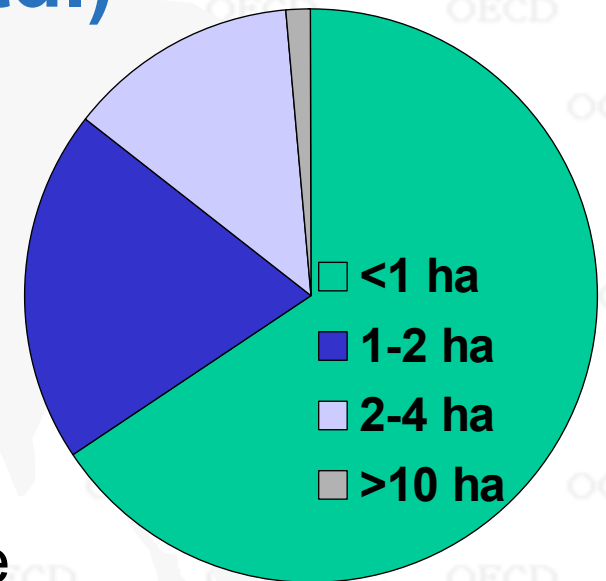
70% <1 hectare

1% >10 hectares

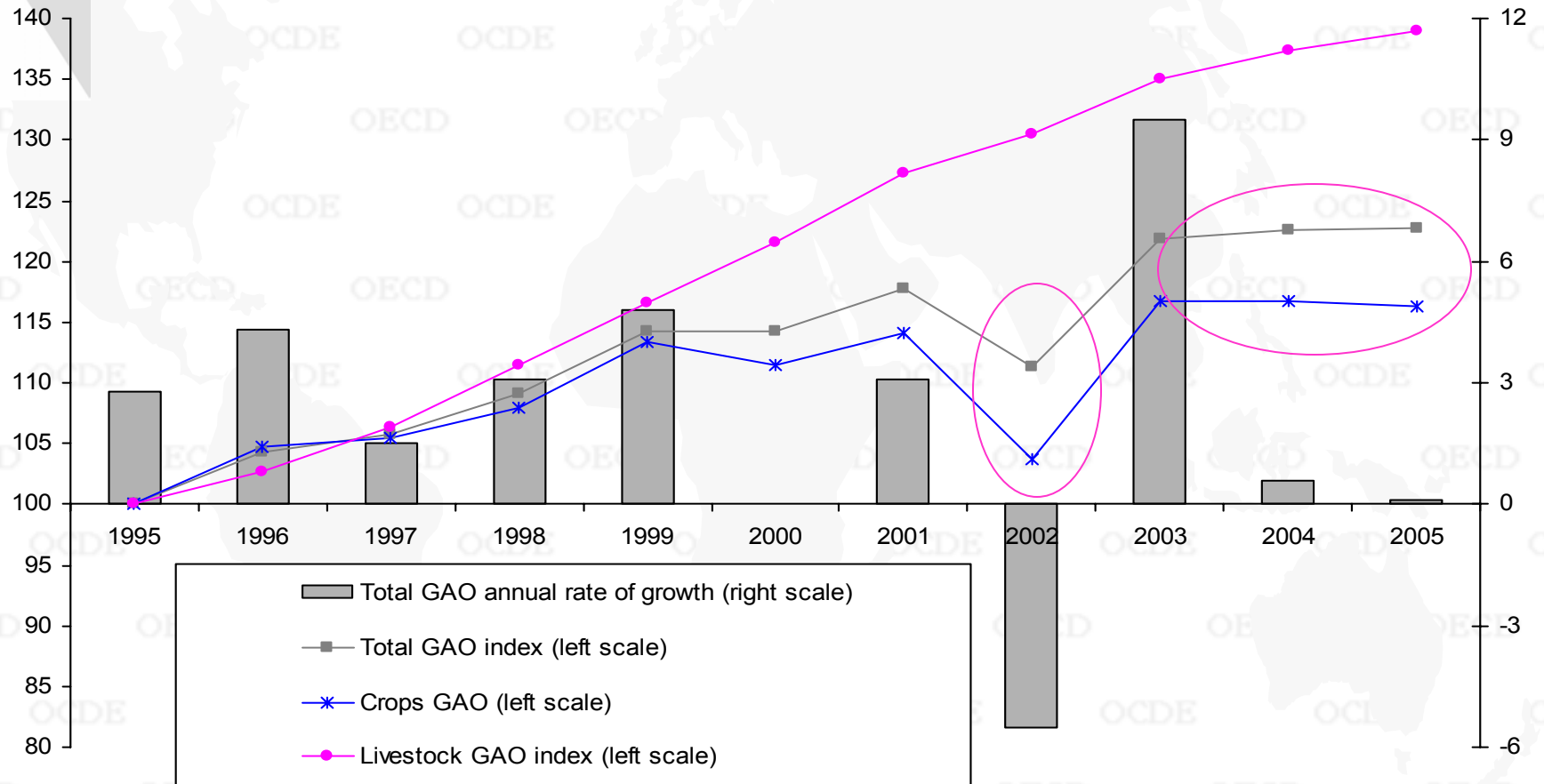
Rural population: 70% of population

28% of population under poverty line

Growing urban middle class



Output growth slowing down...



... livestock growth makes up for crop drop



Recent policy developments

No change in policy mix:

Market Price Support prevails

- border protection + domestic procurement
- + input subsidies
 - fertiliser + water + electricity
- + infrastructures
 - irrigation + commodity marketing
- + general services
 - R&D and extension



Policy evaluation

Recent steps to:

- improve commodity markets;
 - improve access to credit;
 - reduce excessive regulations;
 - liberalise agricultural trade;
 - increase rural employment
- ... go in the right direction.



Recommendations

more needs to be done for:

- land market reform
- commodity market development
- income support
- trade openness
- services to agriculture
- rural economy diversification