INDIA ALREADY HAS the daunting challenge of feeding 1.2 billion people with limited land and water resources. Over the next 20 years or so, this challenge will be even more intense as the country’s population is likely to grow to 1.6 billion, surpassing China’s. Overall economic growth rates should remain robust, driven by the “demographic dividend” of a young population and increasing rates of savings and investment. Consequently, the pressure on food is going to mount tremendously, as an average Indian still spends roughly half of household expenditures on food.

Policy-makers in New Delhi are well aware of this challenge. Accordingly, numerous initiatives have been launched in recent years with the goal of providing long-term food security.

First, the trend in government investment in agriculture, which had been falling since the mid-1980s in real terms, has been reversed. A major increase in public investment in agriculture, primarily in irrigation schemes, has helped encourage private investment in agriculture also. As a result, over the last six to seven years, total investment in agriculture, which had been less than 10 percent of agricultural GDP a decade ago, more than doubled by 2010. In 2011, more was committed for this purpose. The policy-makers in Delhi realize that it is high time to sow the seeds of a second green revolution in eastern India. Although the amount committed to it in 2010 — 400 crore rupees ($90 million) — is relatively small, it is a step in the right direction. In the 2011 budget, more was committed for this purpose. The policy-makers in Delhi realize that it is high time to sow the seeds of a second green revolution in the eastern belt, which has abundant water supplies, but needs more investment in infrastructure. Also, excessive reliance on the western Punjab-Haryana belt, the seat of the first Indian green revolution, needs to be reduced, as the water table in that area is steadily declining.

Third, the area of oilseeds and legumes remains a daunting challenge. India’s eating habits demand more edible oils and legumes, or pulses, than are currently being produced. In 2009-10, total imports of edible oils and pulses exceeded $8 billion. More than 50 percent of the edible oil that India consumes is imported, an expenditure that is much higher than that for cereals, largely because of rising demand due to higher incomes.

Unfortunately, the domestic yields of oilseeds and pulses remain very low, partly because there are few major improved varieties of these commodities, but also because they are grown largely in rain-fed environments that are prone to climate instability. Only 25 percent of oilseed areas and 15 percent of the areas sown to pulses are irrigated.

Second, India launched a National Food Security Mission in 2007, committing about $1 billion to increase production of staples like rice, wheat, and legumes by about 20 million tons by 2012. In 2010, India also announced a second green revolution in eastern India. Although the amount committed to it in 2010 — 400 crore rupees ($90 million) — is relatively small, it is a step in the right direction. In the 2011 budget, more was committed for this purpose. The policy-makers in Delhi realize that it is high time to sow the seeds of a second green revolution in the eastern belt, which has abundant water supplies, but needs more investment in infrastructure. Also, excessive reliance on the western Punjab-Haryana belt, the seat of the first Indian green revolution, needs to be reduced, as the water table in that area is steadily declining.

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Further, the incentive policy announced through the Minimum Support Prices (MSP) mechanism remains largely on paper as there is no effective procurement mechanism for these commodities. As a result, whenever production goes up, market prices fall below MSP levels, as happened even in an agriculturally advanced state like Punjab for sunflowers between 2008 and 2010.

The government has recently announced special programs for palm oil and pulses. But the al-
Indians still get more than 60 percent of their calories from grains, and state intervention in this sector will remain large. Nevertheless, the need to raise productivity is opening vast business opportunities for the private sector.

India encourage food processing, which is still at a nascent stage. The Ministry of Food Processing is under the Agriculture Ministry and is likely to create much-needed synergies between agriculture and food processing. The private sector will have to play a pivotal role in this development also. In short, those who want to be long-term players will find the Indian food market there waiting for them.

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