



The Role of Agricultural Policy in Promoting Financial Stability: A Cross-Country Comparative Study

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ABSTRACT

Agriculture remains a fundamental sector for economic growth, food security, employment generation, rural development, and financial stability across both developed and developing economies. This study examines the relationship between agricultural policy and financial stability through a comparative analysis of India, Latvia, Bangladesh, Brazil, Ghana, Ireland, and England (United Kingdom). The research evaluates how different agricultural policy frameworks influence farm incomes, agricultural productivity, employment, inflation, trade performance, environmental sustainability, and overall macroeconomic stability.

The study adopts a comparative and descriptive research approach based on secondary data collected from government reports, policy documents, international organizations, and agricultural statistics. The analysis covers major agricultural policy instruments including price support systems, direct income transfers, input subsidies, agricultural credit programmes, crop insurance schemes, trade policies, environmental incentives, and rural development initiatives. Particular attention is given to India's Minimum Support Price (MSP) system and PM-KISAN programme, Latvia's Common Agricultural Policy (CAP) support mechanisms, Bangladesh's Program on Agricultural and Rural Transformation for Nutrition, Entrepreneurship, and Resilience (PARTNER), Brazil's climate-smart agricultural policies under Plano Safra, Ghana's Planting for Food and Jobs (PFJ 2.0) programme, Ireland's Food Vision 2030 strategy, and England's Environmental Land Management (ELM) framework.

The findings indicate that agricultural policy significantly contributes to financial stability through multiple channels, including income protection, inflation management, employment generation, export growth, and investment promotion. India relies heavily on domestic intervention through MSP, subsidies, procurement systems, and direct income support to stabilize agricultural markets and rural consumption. Latvia benefits from institutional and financial support provided through the European Union's CAP framework, which promotes farm competitiveness, rural development, and environmental sustainability. Bangladesh is gradually transforming its agricultural support system from traditional input subsidies toward climate-resilient and diversification-oriented policies. Brazil has increasingly linked agricultural credit and subsidies to climate-smart agricultural practices, while Ghana has adopted innovative digital and credit-based agricultural support mechanisms. Ireland and England have shifted agricultural policy toward sustainability, climate resilience, biodiversity



conservation, and environmental stewardship while maintaining agricultural competitiveness. The study finds that countries with well-designed agricultural support systems experience greater income stability, improved resilience to market and climate shocks, enhanced food security, and stronger rural development outcomes. Although the contribution of agriculture to GDP varies considerably across the selected countries, the sector continues to play an essential role in promoting economic resilience and financial stability. The comparative analysis confirms that agricultural policy remains a critical instrument for balancing productivity growth, environmental sustainability, rural welfare, and macroeconomic stability.

The study concludes that future agricultural policy should focus on strengthening climate resilience, improving productivity, promoting sustainable resource management, encouraging innovation, and enhancing market efficiency. Policymakers should pursue integrated agricultural strategies that simultaneously support economic growth, environmental sustainability, food security, and financial stability. Such approaches are essential for ensuring the long-term sustainability and resilience of agricultural systems in an increasingly uncertain global environment.

Keywords: Agricultural Policy, Financial Stability, India, Latvia, Bangladesh, Brazil, Ghana, Ireland, England, Common Agricultural Policy, MSP, Food Security, Rural Development, Sustainable Agriculture, Economic Growth, Climate Resilience.

1.INTRODUCTION

Agriculture is vital for global food security and national incomes, yet in 2022, over 1 billion people regularly did not have enough food to eat and more than 3 billion people could not afford a healthy diet. Climate change and nature loss are key factors driving food and nutrition insecurity, threatening agricultural production and increasing the vulnerability of farmers and food systems to environmental shocks and stresses like floods, drought and disease.

Agriculture and food systems in turn are the second largest source of greenhouse gas emissions after energy and the biggest driver of biodiversity loss and freshwater pollution. These trends intensify climate shocks and stresses and threaten food security, nutrition and livelihoods.

Governments have a critical role to play to transform food systems, both through public support to agriculture and food sectors, and through setting the incentives, regulations and standards that influence private investment.

Launched by the United Kingdom and World Bank in 2021, the global Agriculture Policy Dialogue is designed to share experience, facilitate partnerships and catalyse action to meet the Paris Agreement and the Sustainable Development Goals. To date, over 45 countries have shared experiences and approaches to policy action and reform for sustainable agriculture through this platform.

Getting effective policies and approaches in place to deliver resilient, sustainable food systems is complex and challenging. Solutions will be context specific and there is no “one size fits all” prescription. Yet no country is isolated from climate and nature crises and collaboration will be key to address the crises we face.

We are thankful to the many colleagues across governments who have shared their experiences through the Agriculture Policy Dialogue. This Chairs’ Summary outlines key points from three



senior official workshops in 2023. A set of briefing notes on “Policy Pathways for Sustainable Agriculture” and a set of country case studies on “Policy in Action” highlight emerging opportunities and the efforts lead countries are making.

Objectives of Agriculture Policy Dialogue

The Agriculture Policy Dialogue is designed to act as a catalyst for change, providing governments with a global platform for peer support, sharing experience and lessons, evidence on emerging innovative approaches, and building partnerships and mobilizing policy action on sustainable agriculture and food systems.

In 2023, discussions focused on the detail of policy approaches and how to shift incentives for investment in more sustainable practices. The workshops aimed to:

- Maintain momentum on agriculture policy action, aligning with the UAE COP28 Food Systems Transformation campaign.
- Identify priority policy approaches and reforms for sustainable agriculture.
- Identify opportunities to promote sustainable agriculture and food systems through Nationally Determined Contributions and National Adaptation Plans development processes and, where relevant, identify opportunities to attract greater climate finance resources to support reforms.
- Showcase country action on policy reform and share lessons learned.

Policy reform to incentivize efficient and sustainable use of fertilizers

Context and experiences vary greatly, from countries faced with overuse of fertilizers to those with inadequate access. Yet participants agreed that direct input subsidies for fertilizer are a blunt instrument with many pitfalls. Focusing solely on fertilizer subsidies may be insufficient and counterproductive. By contrast, participants described the importance of policies to incentivize integrated soil management alongside fertilizer use, and the need to monitor soil health. Weak knowledge systems, missing advisory services and the challenge of joining up research with farmers on the ground are common constraints that needed to be resolved.

Participants shared a range of policy approaches and experiences including: (i) a holistic approach to offering a mix of technologies along with the necessary advisory services (e.g., on precision agriculture) to prevent overuse of fertilizer; (ii) introducing blends of chemical and/or biological fertilizers to address issues of soil fertility and reduce fiscal burden of subsidizing chemical fertilizers; (iii) moving away from subsidies tied to specific crops to incentivize diversification and optimal allocation of resources; and (iv) introducing regulations and voluntary or mandatory legislation to incentivize shifts to more sustainable practices, e.g., on cover cropping, fertilizer use, emissions or land expansion into protected areas.

Policy action to incentivize soil health for sustainable production

Declining productivity and land degradation are interlinked. Participants highlighted quality soil data as a key element needed to improve the stewardship of agricultural soils.

Participants shared a range of policy approaches to improve soil health, including: (i) improving the capacity of extension systems to conduct soil analysis, monitor soils over time and develop tools to digitize information for analysis and dissemination; (ii) piloting nature-based solutions and setting up farmer schools to encourage adoption; (iii) introducing regulations to prevent exploitation of carbon sinks such as peatlands, and providing incentives



for practices that improve carbon sequestration, such as no tillage and cover crops; and (iv) linking production support to specific agroecological zones to discourage land conversion for agriculture.

Payment for ecosystems services through targeted policy measures and instruments

Payments for ecosystems services was highlighted as a potentially effective tool to incentivize changes in farming practices and behaviours to build resilience and sustainability. However, implementation challenges and high costs can be a barrier to adoption. The complexity of monitoring, reporting and verification systems was highlighted as a major challenge due to capacity needs and cost, along with the need for public policy coherence and sufficient benefit to farmers for these schemes to be viable.

Participants shared experience from a variety of approaches, including: (i) introducing tradeable biodiversity certificates that businesses can buy; (ii) offering state-subsidized discounts on interest rates to farmers adopting practices that provide environmental services; (iii) cash transfers to communities and producers for environmental preservation (input and aggregated indicators can reduce monitoring burden); (iv) upfront grants to incentivize landscape restoration; and (v) participatory design within policy framework where farmers are involved in co-design and given choices on support measures to increase feasibility and uptake.

Public policy reforms to incentivize water conservation

Water is a critical input for agricultural production, and climate change-induced weather-related shocks, including droughts and floods, present a significant risk to agricultural production. This is particularly important in water-stressed countries and requires mechanisms that result in efficient water use.

Approaches participants discussed include: (i) establishing functioning water markets to incentivize efficient water use, such as issuing water entitlements which can be traded in a market; (ii) developing crop varieties that are water conserving; (iii) subsidizing investments in irrigation technologies through interest rates on loans; and (iv) incentivizing producers to maintain soil cover, either through non tillage, or other farming techniques that improve both soil health and water conservation. Experiences shared through the Policy Dialogue has led to the development of three “Policy Pathways to Sustainable Agriculture” briefing notes (with a fourth brief on sustainable water to follow). These offer an overview of emerging experiences and lessons to support peer learning and knowledge exchange.

Policy in Action in Selected Countries

The Agriculture Policy Dialogue highlights practical policy reforms undertaken by various countries to promote sustainable agriculture, improve food security, strengthen climate resilience, and enhance financial stability. Among the countries selected for this study, India, Latvia, Bangladesh, Brazil, Ghana, Ireland, and England (United Kingdom) have implemented diverse agricultural policy initiatives that reflect their unique economic structures and development priorities.

India has focused on strengthening farm income security and food stability through the Minimum Support Price (MSP) system, PM-KISAN direct income transfers, crop insurance programmes, agricultural credit expansion, and public procurement mechanisms. Recent



reforms have also emphasized digital agriculture, rural infrastructure development, and agricultural export promotion.

Bangladesh has introduced the Program on Agricultural and Rural Transformation for Nutrition, Entrepreneurship, and Resilience (PARTNER) to promote climate resilience, crop diversification, food security, and sustainable agricultural development. The programme includes e-voucher systems, climate-smart technologies, and investments in agricultural innovation and infrastructure.

Brazil has increasingly linked agricultural support to environmental sustainability through Plano Safra and the ABC+ Low-Carbon Agriculture Programme. These initiatives provide subsidized credit for climate-smart agriculture, sustainable land management, restoration of degraded land, and greenhouse gas emission reduction while maintaining agricultural competitiveness.

Ghana has transformed its agricultural support system through the Planting for Food and Jobs (PFJ 2.0) programme, replacing traditional input subsidies with a smart input-credit model. The policy promotes climate-resilient agriculture, digital extension services, improved access to quality inputs, and value-chain development to enhance productivity and farmer incomes.

Ireland has adopted Food Vision 2030, a comprehensive strategy aimed at making Ireland a global leader in sustainable food systems. The policy focuses on climate-smart agriculture, biodiversity conservation, innovation, export competitiveness, rural development, and the long-term sustainability of the agri-food sector. England (United Kingdom) is implementing the Agricultural Transition Plan (2021–2028) and Environmental Land Management (ELM) schemes, which shift agricultural support away from area-based subsidies toward payments for environmental outcomes. These reforms encourage sustainable farming practices, biodiversity enhancement, improved water quality, soil conservation, and climate change mitigation while supporting productive agriculture. Latvia has implemented agricultural reforms through the European Union's Common Agricultural Policy (CAP) Strategic Plan 2023–2027. The country has prioritized direct income support, rural development, environmental sustainability, biodiversity conservation, support for young farmers, and investment in agricultural innovation and climate-resilient farming practices.

2.COUNTRY CASE STUDIES

The following section presents a set of country owned case studies of policy action that individual countries are taking with the aim to redirect investment and practices toward more sustainable agriculture that delivers results for people, prosperity and planet. These case studies are country owned – either directly authored by or approved by Agriculture Ministries in the relevant country. They are intended as a tool to share country experiences. They are not prescriptive and do not represent policy positions of the wider group of participants in the Policy Dialogue. We extend our warm thanks to all contributing countries for sharing this rich experience.

INDIA

India has the most negative PSE of all the countries in this report, averaging -14.5% of gross farm receipts in 2022-24. Net support to producers in India has been negative throughout the



last two decades, but fluctuates in level from year to year. The negative producer support implies that domestic producers have been implicitly taxed on average, as budgetary payments to farmers do not offset the price-depressing effect of complex domestic marketing regulations and trade policy measures. Virtually all gross producer transfers (whether positive or negative) come in potentially most production and trade-distorting forms. Support to producers in 2022-24 includes budgetary transfers corresponding to 11% of gross farm receipts, positive Market Price Support (MPS) of +2.7% of gross farm receipts for commodities that are supported and negative MPS of as much as -28.2% for those that are taxed. Export restrictions were applied in 2022-24 to various types of rice, wheat, sugar, onions, and related products (e.g. wheat flour). Commodities with positive Single Commodity Transfers (SCT) – ranging between 3.9% and 24% of commodity receipts in 2022-24 – include sugar, chickpeas, other pulses, and poultry meat.

Budgetary transfers to producers are dominated by subsidies for variable input use, mainly fertilisers, electricity, and irrigation water. However, budgetary allocations to the direct income transfer programme, PM-KISAN, have been increasing since its implementation in 2018 and represent 10.6% of budgetary spending in 2022-24.

Public expenditures financing general services to the sector (General Service Support Estimate, GSSE), mainly related to investments in off-farm irrigation systems, are around half the level of subsidies for variable input use. Expenditures for GSSE increased to 4.1% of the value of agricultural production in 2022-24, from 3.2% in 2000-02.

Policies that affect farm prices provide implicit support to consumers. Food subsidies provided through the Targeted Public Distribution System, whose allocations increased substantially during the COVID-19 pandemic, also reduce costs for consumers. The consumer support estimate is 31.8% of expenditure on average across all commodities in 2022-24. Estimated total support to the sector was about a negative 0.9% of GDP in 2022-24, compared to a positive 1% in 2000-02. Still, positive support amounted to as much as 3% of GDP in recent years, indicating significant costs to the Indian economy arising from agricultural policies.

Key recent policy changes

Over the course of 2024, India gradually removed most export restrictions on rice (bans, duties, and minimum export prices) previously introduced in 2022-23. At the end of March 2025, the last remaining export ban on broken rice was also removed. In turn, tariffs for crude palm, soybeans and sunflower oil were raised in 2024 from 0% to 20% and for refined sunflower and soybean oils from 12.5% to 32.5%.

The 2024-25 Union Budget targets increasing grain production by 50 million tonnes by 2030 (a 15% increase compared to the 2023-24 marketing year output), while also **diversifying production** towards horticulture, pulses, and oilseeds. The budget allocation for the subsidised credit programme Kisan Credit Card was also increased by 67%, and the budget for key dairy sector programmes increased by 16%.

In June 2024, the minimum support price (MSP) was increased from the previous marketing season for several summer-planted (*kharif*) crops. In October 2024, the minimum support



prices for winter-planted (*rabi*) crops were also increased. In February 2024, the Fair and Remunerative Price for sugarcane was increased by almost 8%.

India and the European Free Trade Association (EFTA) signed a Trade and Economic Partnership Agreement (TEPA) on 10 March 2024. EFTA is removing duties on 92.2% of its tariff lines, which cover 99.6% of India's exports; EFTA's market access includes tariff concessions on processed agricultural products. India is removing duties on 82.7% of its tariff lines, which cover 95.3% of EFTA exports, but sectors such as dairy, soybeans and other sensitive agricultural products are excluded.

Assessment and recommendations

- India's agriculture faces productivity and sustainability challenges. The low productivity of farmers, and particularly the prevalence of marginal and small-scale farmers with limited access to finance and technology, represent a substantial challenge. This is exacerbated by fragmented and complex supply chains involving numerous intermediaries, restrictive domestic marketing policies and border measures that have been on average reducing prices below those on international markets over most of the period reviewed. At the same time, the sustained growth in agricultural output and fertiliser use have put mounting pressures on natural resources, particularly land and water.
- Considering India's role as a major agri-food exporter, India should leverage domestic efforts on environmental sustainability, particularly given the recent inclusion of environmental provisions in trade agreements to support the transition to more sustainable agricultural practices. For example, the inclusion of environmental provisions in the India-EFTA TEPA marks a positive step and could be replicated in future agreements to promote access and adoption of low-emission technologies, facilitate knowledge exchange and collaborative research on sustainable farming. This could also support improvements to reporting and collecting data on the environmental footprint of agricultural production across India's diverse agricultural landscape.
- Agricultural support could be better aligned with mitigation and adaptation efforts. Gradually scaling back variable input subsidies (fertiliser, irrigation water and electricity) can lower greenhouse gas (GHG) emissions and other environmental pressures and increase flexibility to adjust production systems. Resulting savings could be reoriented to train farmers in more efficient and sustainable input use, to meet international standards for exported commodities, and to ensure extension systems can reinforce digital skills and resilience.
- Enhancing the electronic National Agricultural Market (e-NAM) set up in 2016 should remain a priority to foster efficient markets and competitive agro-food supply chains across states. In addition, the 2017 model Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act should be implemented in a more harmonised and consistent way across states and synchronised with reforms to the MSP system through coherent plans. Complementing these programmes with investments in transport infrastructure, marketing, training, and other general services to agriculture



will help farmers reap the benefits in productivity and income. Budgetary allocations for rural infrastructure and digitalisation in agriculture in recent Union Budgets are positive steps in this direction.

- The large share of employment in agriculture compared to its GDP contribution reflects the persistent labour-productivity gap relative to other sectors and translates into low farm incomes. In the short-to-medium term, direct cash transfers (such as through PM-KISAN) can support the poorest farmers' livelihoods and adjustment to new market conditions. In the longer term, policies focused on education, rural infrastructure, and financial services are needed to facilitate significant structural adjustments, including the transition of farm labour to other activities and consolidation towards farm operations sufficiently large to exploit economies of scale.
- India is a significant agro-food exporter. The Agricultural Export Policy (AEP) framework adopted in 2018 helped reduce uncertainty and transaction costs throughout supply chains by easing export restrictions on organic and processed agricultural products. However, recent export restrictions on products such as rice, wheat, sugar, onions, and related products directly affect India's reliability as a supplier and exacerbate the persistent challenge of low farm incomes. An extension of the AEP to more agri-food products should be considered to create a stable and predictable market.
- Recent reductions in tariffs and relaxation of quantitative restrictions on selected pulses, albeit temporary, are additional positive steps towards improving food security and diversifying diets. Together with domestic marketing reforms, easing export and import restrictions would make the market more predictable and increase incentives for producers and traders to invest in supply chains. More generally, agricultural policy could be better anchored in a broad and long-term policy framework, moving towards more neutral, stable, predictable, and targeted policies.
- India made significant progress eliminating inefficiencies in the food-distribution system in the period before the COVID-19 pandemic, and these efforts should continue. The experimental replacement of physical grain distribution with direct cash transfers could be gradually expanded, including by drawing on recommendations made by the High-Level Commission on Restructuring the Food Corporation of India, which suggested focusing initially on cities with populations over 1 million, followed by grain surplus states.

Policies affecting domestic prices and marketing channels

Policies governing the marketing of agricultural commodities in India – for both producers and the food chain, include controls on the production, supply, distribution, and pricing of essential commodities, and state-level regulations regarding the pricing, procurement, stocking, and trading of commodities. The first point of sale of agricultural products occurs at regulated market yards (mandis) under the responsibility of Agricultural Produce Market Committees (APMC), which manage government procurement under the minimum support price (MSP) system.¹



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The central government establishes a set of MSPs for 23 commodities each year based on the average cost of production, considering both the actual covered cost of production and the imputed value of family labour. State governments may also provide a bonus payable over and above the MSP for some crops. National and state-level agencies operating on behalf of the Food Corporation of India (FCI) can buy wheat, rice, and coarse grains. Several other agencies can buy pulses, oilseeds, and cotton at MSPs – including through the umbrella scheme Pradhan Mantri Annadata Aay Sanrakshan Yojna (PM-AASHA), introduced in 2018, which is designed to ensure remunerative prices to farmers for their produce. Some horticulture commodities without MSP are also procured. However, procurement under the price support scheme effectively operates mainly for wheat, rice, and cotton, and only in a few states. The MSP scheme only applies when approved agencies purchase commodities, it is not a guaranteed price to the farmer if they sell to intermediaries, private traders, consumers, or non-approved agencies.

The electronic National Agricultural Market (e-NAM) set up in 2016 and a model Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act were both recommended by the central government for adoption by state governments. E-NAM is an online trading platform for agricultural commodities in India, which aims to create a network of APMC mandis. It currently integrates more than 1 000 APMC markets in 18 states and 3 Union Territories (UTs); almost 17 million farmers and 150 000 traders are registered on the e-NAM platform.

India's economy has experienced steady growth over the last decade, recording an average annual GDP growth rate of approximately 6–7 percent between 2015 and 2025. This sustained economic expansion has contributed significantly to macroeconomic stability and overall financial resilience. Although the contribution of agriculture to India's GDP has gradually declined to around 15–16 percent by 2025, the sector remains critically important because it continues to employ nearly 42–45 percent of the country's workforce. As a result, agriculture remains a key source of livelihood, income security, and rural economic development.

Several policy interventions have helped stabilize rural incomes and strengthen the agricultural sector during this period. The Minimum Support Price (MSP) system has provided price assurance to farmers, while the PM-KISAN income support scheme, introduced in 2019, has offered direct financial assistance to farming households. In addition, expanded crop insurance coverage under the Pradhan Mantri Fasal Bima Yojana (PMFBY) and increased access to institutional agricultural credit after 2020 have reduced production risks and improved farmers' financial security. These measures have supported rural consumption, moderated food inflation, and enhanced the resilience of the agricultural economy against market and climatic shocks. Consequently, India's agricultural policies have played an important role in supporting economic growth, maintaining fiscal balance, and strengthening overall financial stability during 2015–2025 (Government of India, 2025; OECD, 2025).

India: Agriculture and Economic Stability

India's economy has experienced steady growth in recent years, with an average GDP growth rate of 6–7% between 2015 and 2025, contributing to overall macroeconomic stability.



Although agriculture's share in GDP has gradually declined to approximately 15–16% by 2025, the sector continues to employ around 42–45% of the labour force, making it a critical source of livelihood, income security, and rural economic development. Government initiatives such as the Minimum Support Price (MSP) system, PM-KISAN income transfers (since 2019), expanded crop insurance coverage, and increased agricultural credit after 2020 have helped stabilize rural incomes, sustain consumption demand, and control food inflation. These policy measures have strengthened the resilience of the agricultural sector and contributed to economic growth, fiscal balance, and financial stability in India (Government of India, 2025).

Input subsidies and other budgetary transfers

Input support policies enable agricultural producers to obtain farm inputs at subsidised prices. Policies governing the supply of fertilisers, electricity and water are the largest of these. Other supported inputs are seeds, machinery, credit, and crop insurance. State-level loan debt waivers, compensating lending institutions for forgiving debt to farmers, have grown in importance. Aiming to improve formal credit penetration in the agricultural sector, the Reserve Bank of India (RBI) has mandated banks to allocate 40% of their adjusted net bank credit to Priority Sector Lending, of which 18% is reserved for agricultural credit. However, only 41% of small and marginal farmers can access bank credit and about 30% of agricultural loans continue to come from non-institutional sources (e.g. moneylenders), as opposed to financial institutions such as commercial banks.

Premiums for crop insurance have been cost-shared since 2000, through mechanisms including the National Agricultural Insurance Scheme, the Modified National Agricultural Insurance Scheme, the Weather Based Crop Insurance Scheme, the Coconut Palm Insurance Scheme, the National Crop Insurance Program, the Restructured Weather Based Crop Insurance Scheme, and most recently, the Pradhan Mantri Fasal Bima Yojna (PMFBY) scheme. PMFBY, introduced in 2016, provides insurance to farmers for crop losses due to monsoon fluctuations or other extreme weather events. Under PMFBY, farmers pay a very small share of the total insurance premium: 2% of the sum insured for kharif crops; 1.5% for rabi crops; and 5% for horticultural crops. The remaining premium (often 85–98%) is covered by the government, typically split equally between the central and state governments. The PM-KISAN scheme provides an annual direct income transfer of INR 6 000 (USD 84) per farmer to all farmers with land titles. The payment does not require farmers to produce, is irrespective of the farm size, and may be used for any need. General services policies focus on programmes for the development and maintenance of infrastructure (85% of general services support in 2022-24), particularly related to irrigation. Budgetary support is also significant for agricultural knowledge and innovation (7%) and for public stockholding (5%).

Price Support Policies

The Minimum Support Price (MSP) system protects Indian farmers from market fluctuations by guaranteeing minimum prices for 23 major agricultural commodities. MSPs are announced annually by the government to ensure remunerative returns and encourage agricultural production. For the 2024–2025 marketing season, the MSP for common paddy was fixed at ₹2,183 per quintal, while the MSP for wheat was ₹2,275 per quintal. Government procurement



agencies, particularly the Food Corporation of India (FCI), purchase nearly 90 million tonnes of rice and wheat annually, helping to stabilize farm incomes and ensure food security. In addition, buffer stock management and the Public Distribution System (PDS) contribute to controlling food inflation and maintaining price stability. Therefore, MSP and procurement policies play a vital role in supporting income security, food availability, and macroeconomic stability (Government of India, 2025).

Input Subsidies and Agricultural Infrastructure

India provides substantial input subsidies to stabilize agricultural production and improve farmers' incomes. Fertilizer subsidies amounted to approximately ₹1.6–1.8 lakh crore (€14.3–16.0 billion) annually during 2023–2025, ensuring affordable access to essential nutrients and supporting stable crop yields. Electricity subsidies for agriculture, mainly used for groundwater pumping and irrigation, amount to around ₹90,000 crore (€8 billion) per year, significantly reducing irrigation costs for farmers. Furthermore, central and state governments spend more than ₹70,000 crore (€6.2 billion) annually on irrigation infrastructure, including canal networks, micro-irrigation programmes, and water management systems. Additional support is provided through seed subsidies, farm machinery subsidies, and interest subsidies on crop loans. These measures reduce production risks, enhance farm profitability, encourage agricultural investment, and strengthen financial stability in rural areas (Government of India, 2025).

Trade Policies

India's agricultural trade policy seeks to maintain domestic price stability while promoting agricultural exports. The government regulates food inflation through export controls, minimum export prices, and tariff adjustments. To protect domestic food stocks, rice export restrictions were implemented during 2023–2024, while sugar exports were limited to ensure adequate domestic availability. Import duties on edible oils are periodically adjusted to manage domestic prices and safeguard consumer interests. At the same time, export promotion programmes, logistics support, and trade agreements have helped agricultural exports exceed USD 50 billion in recent years. These policies contribute to market stability, protect farmers' incomes, and enhance overall financial resilience (Government of India, 2025).

Import Policy

India's agricultural import policy is designed to protect domestic producers while ensuring adequate food supplies and price stability. During periods of shortages or inflation, the government uses variable import duties, tariff-rate quotas, and temporary tariff reductions to balance market conditions. After 2021, import duties on edible oils such as palm oil and soybean oil were reduced to curb food inflation, while imports of pulses were allowed with lower or zero duties to stabilize domestic prices. Quality standards, sanitary regulations, and import restrictions are also implemented to protect food safety and support domestic agriculture. These flexible import measures help balance supply and demand, reduce inflationary pressures, and support macroeconomic and financial stability (Government of India, 2025).

Export Policy



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India's Agricultural Export Policy (AEP) aims to increase foreign exchange earnings while maintaining domestic food security and price stability. The government promotes exports of rice, sugar, spices, marine products, and processed foods through export incentives, logistics support, and trade facilitation measures. Essential commodities such as wheat, rice, and onions may be subject to export bans, quantitative restrictions, or minimum export prices during periods of supply shortages or rising inflation to ensure adequate domestic availability. Agricultural exports have surpassed USD 45–50 billion in recent years, reflecting strong global demand for Indian agricultural products. By balancing export promotion with domestic market protection, flexible export policies help stabilize markets, control food prices, support farm incomes, and strengthen financial stability (Government of India, 2025). farm incomes, and enhanced financial stability.

Indian agriculture is undergoing a significant transformation from a traditional cereal-based production system to a more diversified, high-value agricultural model. Although the sector's contribution to national GDP declined from approximately 30 percent in 1990 to around 15–16 percent in 2025, high-value segments such as fruits, vegetables, dairy products, fisheries, and livestock accounted for more than 45 percent of the total value of agricultural output during 2024–2025. This transition has been driven by rapid urbanization, rising incomes, changing consumer preferences, technological advancements, and expanding export opportunities. Between 2020 and 2025, agricultural exports recorded an average annual growth rate of approximately 7–8 percent, contributing to increased farm incomes and diversified revenue sources. Consequently, agriculture has evolved from being the primary driver of economic growth to a strategic sector that supports food security, rural livelihoods, and economic stability. Despite its declining GDP share, the sector continues to employ nearly 40 percent of India's workforce in 2025 (Figure 2).

India's domestic and trade policies play a crucial role in stabilizing agricultural production, farm incomes, and market prices. During 2020–2025, policy instruments such as the Minimum Support Price (MSP) system, PM-KISAN income support scheme, fertilizer subsidies, crop insurance programs, and agricultural credit facilities have helped reduce production risks and improve income security for farmers. Simultaneously, trade policy measures including export incentives, buffer stock management, tariff adjustments, and export restrictions on commodities such as rice, wheat, sugar, and onions have been used to manage food availability and control inflation. These interventions help balance domestic supply requirements with participation in international markets. By promoting farm profitability, ensuring food security, and containing inflationary pressures, India's agricultural policies contribute significantly to macroeconomic stability and financial resilience during the period 2020–2025. (Government of India (2024, 2025); Ministry of Agriculture & Farmers Welfare (2025); OECD Agricultural Policy Monitoring and Evaluation Report (2025); FAOSTAT (2025).)

BANGLADESH

Bangladesh has exhibited remarkable agricultural growth since the mid-1990s, with the sector consistently expanding at an annual rate exceeding 4% from 1996 to 2019. Along with expanding production, the per capita availability of food items increased substantially.2



Bangladesh has achieved self-sufficiency in rice production and overall food security, two paramount objectives of past agriculture strategies. Notably, this agricultural progress significantly contributed to the reduction of rural poverty. Between 2005 and 2010, the agriculture sector played a pivotal role, accounting for 69% of rural poverty reduction. Although its contribution decreased from 2010 to 2016, it remained substantial at 27%. Much of the success in agriculture can be attributed to deliberate policy reforms initiated since the 1980s, coupled with strategic investments in research and infrastructure. These reforms began by liberalizing the agricultural input market in the 1980s, especially concerning fertilizer and irrigation. In the 1990s, additional reforms targeted the seed sector. Furthermore, Bangladesh has maintained a substantial agriculture support programme since the Green Revolution era, with the primary aim of ensuring basic food security. Bangladesh has, therefore, made remarkable progress in domestic food production, which almost doubled during the past two decades, avoided hunger, and ensured food security for 170 million people. However, this success is accompanied by a set of challenges, including the excessive use of inputs, notably fertilizer and water, leading to environmental, health and even productivity risks. Furthermore, the sector is confronted with other significant issues. Agricultural growth, once robust, has been decelerating since 2010, with the trend growth rate declining to 3.2% in 2017 from over 5% in 2010. Inadequate diversification of agricultural products has also emerged as a concern. Additionally, the changing dietary preferences resulting from rising incomes and rapid urbanization have created a growing demand for diverse and nutrient-rich agricultural products.

2 Eighth Five Year Plan of Bangladesh, Ministry of Planning, 2021.

These challenges are compounded by climate change, as Bangladesh's agriculture remains highly susceptible to climatic fluctuations. Notably, projections indicate that the increased soil and water salinity due to rising sea levels may lead to a 15.6% reduction in yields of high-yielding rice varieties by 2050.

Rationale

Although Bangladesh's agriculture has achieved notable successes in the past, existing agricultural incentives do not align with the current strategic objectives of climate resilience, diversification and improved nutrition. The policies and incentives that have predominantly focused on expanding cereal production in the past are inadequate to deliver transformation to a sustainable agrifood system. Increased support for the sector is needed. However, it is equally critical to repurpose and realign current agrifood policies and public expenditures to better support productivity, diversification, improved nutrition and sustainability.

Approach

The new Program on Agricultural and Rural Transformation for Nutrition, Entrepreneurship, and Resilience (PARTNER) is built on strong analytical foundations and supports the implementation of the Plan of Action of the National Agriculture Policy 2020. It reorients the strategic priorities of the sector towards diversification, value-addition and climate resilience. In contrast to the historical focus on rice and fertilizer subsidies within the Ministry of Agriculture's expenditure programme, PARTNER focuses on policies and investments that



promote climate resilience, diversification, food safety, nutrition, value chain development and entrepreneurship. Additionally, PARTNER acknowledges the importance of rice and directs its attention primarily to research for stress-tolerant and high-yielding rice varieties, addressing yield gaps and reducing the sector's carbon footprint.

A pivotal component of this new programme is the introduction of an e-voucher pilot, offering an alternative approach to agricultural subsidies. This pilot initiative aims to inform the gradual repurposing of the fertilizer subsidy programme. By offering multiple direct support options for farmers, it intends to generate valuable insights into which of these are best placed to deliver resilience, diversification, productivity, efficiency and profitability for farmers.

Concurrently, a comprehensive review of agricultural public support programmes, including the fertilizer subsidy programme, is underway in a collaboration between the Ministry of Agriculture and the World Bank. The objective is to identify the best policy options to incentivize farmers to optimize their use of inputs as well as how best to redirect public expenditure towards greater investment in research, innovations, extension services, markets and infrastructure. This realignment is expected to build climate resilience, enhance incomes and improve competitiveness in the agricultural sector.

Experience and expected results

- Direct beneficiaries will be the 500,000 farmers, 200,000 of whom are female, who will participate in PARTNER's e-voucher pilot for improved delivery of input subsidies and who will receive additional support for crop diversification and for the adoption of good agricultural practices and improved and efficient irrigation technologies.
- The e-voucher pilot evaluation will assess the effectiveness of different pilot interventions in delivering increased resilience, input use efficiency, diversification, productivity and farmers' profitability. Results will guide repurposing of the country's input subsidy programme towards a more efficient and effective approach to increase resilience and sustainability of the agrifood system.
- The pilot will increase the adoption of climate-smart practices such as precision agriculture, good agricultural practices and improved and efficient irrigation technologies.
- The Ministry of Agriculture will benefit from strengthened policy-making capacity by having access to information and digital tools to track and monitor agricultural public expenditure and to reorient public support, based on evidence, towards more strategic priorities of the sector.

Brazil

Repurposing of agricultural support policies and programmes under Plano Safra 2023/24 In recent years, Brazil has positioned itself as a highly competitive country for agricultural exports in the world. The level of support to the sector is relatively low, reflecting the competitiveness of its exports. Meanwhile, Brazil has been increasingly greening the direct support provided to its farmers. Although direct farmer support announced in Brazil's new farm credit package (Plano Safra 2023/24) has increased recently, the total support estimate (TSE) declined from 0.7% of GDP in 2000–02 to 0.5% in 2020–22.3 Already low levels of direct farmer support (producer support estimate – PSE) show a downward trend over the past 20 years, falling from 9.1% in 2000 to 1.5% in 2019. However, over the past three years, PSE has been increasing



due to an increase in market price support (MPS). Brazil's total support to producers is composed of: (i) input payments, in particular agricultural credit at preferential rates;⁴ (ii) risk management instruments (crop insurance premium subsidies),⁵ and (iii) support via MPS.

Plano Safra 2023/24 is the highest level of support in Brazil's history, with an increase of 27% over last year's figures.⁶ Support to family farmers has increased in this package and is 34% more than in 2022/23. Since 2008, the obtention of subsidized rural credit is conditional on environmental criteria, such as registration in the Environmental Rural Registry (CAR) and compliance with zoning rules that promote environmental improvements, such as the preservation of forest and native vegetation. In 2010, only 21% of direct farmer support was considered green. This was also the year when the Brazilian Plan for Adaptation and Low Carbon Emission in Agriculture

Most of the rural credit is earmarked under the National Rural Credit System and provided at preferential interest rates with differentiated conditions for small and medium-size farmers. Additional sources of preferential rural credit are a coffee fund and agribusiness credit notes. Three main agricultural insurance programmes provide support in the form of insurance premium subsidies or by compensating farmers for production losses due to climatic adversities: the Agricultural Activity Guarantee Programme, the Price Premium Subsidy Programme and Garantia-Safra. Approximately 45% of farm credit to commercial farmers is not subsidized. (ABC+) was introduced – the largest credit subsidy scheme globally supporting the adoption of climate-smart agriculture (CSA) technologies/practices. Since then, credit lines supporting the adoption of CSA practices have seen an increase either in their number or their uptake by farmers. The Ministry of Agriculture and Livestock (MAPA) did an ex-post assessment of credit lines subsidized during the agricultural years 2019/20, 2020/21 and 2021/22, and assessed that 61% of the amount of credit under Plano Safra directed at investment in 2021/22 supported investment in sustainable and low-carbon agriculture. For 2021/22, MAPA estimated that 47% of Plano Safra's resources for rural credit (investment and working capital) supported sustainable agricultural production systems (BRL118.66 million).

Rationale

The agrifood sector in Brazil is both highly vulnerable and a significant contributor to climate change. The World Bank found that the agricultural sector already loses, on average, the equivalent of 1% of agricultural GDP annually as the consequence of extreme climate events.⁷ On the other hand, land use change (primarily deforestation) and agriculture represent the bulk of Brazil's greenhouse gas emissions (at 52% and 24% respectively). However, Brazil is leading the way in shifting farmer subsidies towards CSA solutions. Brazil has a well-developed legal framework and guidelines for adapting its agricultural sector to climate change, in its national sectoral strategy ABC+.

Agricultural credit – Brazil's main form of support – is conditional on implementation of environmental conditions, and credit lines supporting mitigation and adaptation practices are increasing.⁸ With the 2023/24 Plano Safra, Brazil has increased the focus of its rural credit towards supporting climate-smart agriculture. From approximately BRL92 billion in the 2023/24 Plano Safra, about 7.52% is directly linked to the adoption of CSA



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technologies/practices (ABC+/RenovAgro), while 29.89% relates to other credit lines supporting investment in agricultural innovations and machinery for farmers who choose low-carbon technologies. Brazil aims to further increase its support to CSA, through a national programme for restoration of degraded pastures. This would support farmers' investments in restoring the productivity of degraded areas in the country to increase production while limiting pressure on forested areas. Brazil is also gradually shifting its direct support to farmers towards risk management instruments (such as agriculture insurance and partial credit guarantees) combined with other risk mitigators such as technical assistance to lower farmers' credit risk. In recent years, public support to public goods in the sector (e.g. research and development (R&D), infrastructure) has been decreasing as a share of the total support estimate (from 30% of TSE in 2014 to 16% in 2021) and as a share of agricultural production (from 3.4% of agricultural value of production in 2000–02 to 1% in 2019–21), indicating that it has not kept pace with the sector's growth. Thus, an important recommendation for Brazil would be to refocus and increase support towards agricultural public goods and services (strengthening the support and greening of R&D, animal plant/health, One Health, rural infrastructure, etc.)⁷ World Bank. 2017. Policy Note for Strengthening the Agricultural Insurance Market in Brazil. Washington, DC, USA. ⁸ With the 2023/24 Plano Safra and its increased focus on CSA, this share of green subsidies could become higher (reaching 50% in the coming years). to increase the generation and diffusion of innovations for sustainable and low-carbon agriculture.

Approach

To further support the transition toward climate-smart agriculture, Brazil is expanding access to credit for farmers willing to implement mitigation and adaptation practices, lowering the cost of such investment through subsidized credit. The 2023/204 dedicated credit line to support investment in sustainable practices⁹ (RenovAgro, ABC¹⁰), though only representing 1.9% of the total Plano Safra (1.8% in 2022/23), has seen its share of long-term loans increase (from 6.6% in 2022/23 to 7.5% in 2023/24). It carries the lowest interest rates for large farmers (7%).¹¹ Other lines of credit, such as the Programme to Encourage Technological Innovation, the Programme for Modernization of Agriculture and Conservation of Natural Resources, the Programme for Modernization of Mechanization, and the Programme for Irrigation also cover investments in the adoption of sustainable technologies, and the recovery of degraded areas.¹² For the first time, the 2023/2024 Plano Safra is also encouraging the adoption of sustainable practices through an increased interest rate reduction equivalent to 0.5 percentage points on the total financing cost of short-term loans to: (i) producers who already have their entry on the Environmental Rural Registry analysed¹³, and (ii) producers who adopt agricultural practices that are considered more sustainable, such as organic or agroecological production, and the use of bio-inputs and organic fertilizers. With its programme on the restoration of degraded pastures, Brazil hopes to further expand this support to CSA. This financial support is also linked to the provision of technical assistance and extension services to farmers to foster the adoption of CSA practices, including through the World Bank-supported project, Sustainable Multiple Use Landscape Consortia in Brazil. This project aims to increase the area of land under sustainable management and promote the integration of food systems and sustainable



landscapes, the conservation of biodiversity, and the recovery of degraded areas in selected beef cattle and soybean landscapes. Furthermore, Brazil is working with the World Bank to identify and develop further repurposing options towards a greener and more resilient sector, in particular relating to rural credit and risk management instruments.

Experience and emerging results achieved

Land use change and agriculture accounted for 52% and 24%, respectively, of Brazil's total greenhouse gas emissions between 2000 and 2020. Scaling up the ABC+ plan for low-carbon agriculture presents a substantial potential to lower greenhouse gas emissions in the agriculture, forestry and other land-use sector. Projections indicate that full implementation of the ABC+ plan to achieve the sector's goals relating to nationally determined contributions provides the opportunity to reduce greenhouse gas emissions by 48% by 2030, when compared to a business-as-usual scenario. Furthermore, the extra incentive given on the interest rates to farmers who have validated entries in the Environmental Rural Registry, could help foster the implementation of the Forest Code, curb illegal deforestation and foster restoration of degraded protected areas. As an example, when Brazil reduced deforestation in the Amazon rainforest by 80% between 2004 and 2012, it reduced emissions from land-use change by 65%.

ENGLAND

Experience of the Agricultural Transition Plan (2021–2028): Moving from area-based agricultural subsidies to paying farmers to deliver environmental benefits Following the UK's exit from the European Union and its Common Agriculture Policy (CAP), England is reforming agricultural support to reward farmers for delivering environmental benefits rather than continuing with area-based payments, as was the case under CAP. Environmental Land Management (ELM) is the foundation of this new approach. England's agricultural reforms¹⁴ will contribute to the goals of:

1. Achieving net zero by 2050 through increasing farmers' adoption of low carbon practices. The decarbonization of agricultural emissions will result in a reduction of
2. 4.2 MtCO₂e per annum in Carbon Budget 6 (2033-37) in England (excluding 3 of the Agri LULUCF measures).
3. Restoring 30% of nature and biodiversity by 2030, in line with the goals of the Kunming-Montreal Global Biodiversity Framework.
4. Improving water quality and soil health in line with legally binding targets in the Environmental Improvement Plan.
5. Improving animal health and welfare – supporting more sustainable farm productivity through higher welfare farming, improved biosecurity, tackling antimicrobial resistance and reducing greenhouse gas emissions from livestock.

These goals will be delivered in tandem with supporting sustainable food production. Under the Agriculture Act 2020, the UK Department for the Environment, Food and Rural Affairs (Defra) has committed to present a UK Food Security Report to Parliament every two years, which will assess the impact of the ELM schemes and report on the commitment to maintain food production at its current levels. Agriculture in the UK is devolved. Thus, other UK nations (Northern Ireland, Scotland and Wales) are responsible for their own agricultural policies, and



are each making their own reforms to agricultural support to prioritize sustainability and environmental benefits.

Rationale

Studies find that, globally, current financial support for agriculture delivers low value for money as a way of helping farmers and is often unequally distributed; for every US dollar of public support, the return to farmers is 35 cents. Redirecting just 10% of public support to agriculture could deliver net gains of USD 2.4 trillion by 2040.¹⁵

Leaving the CAP has enabled the nations of the UK to rethink agricultural support. In England, the approach is to move away from area-based subsidies that are not directly linked to delivering environmental benefits, where support is inefficient or ineffective, offering poor value for money and undermining productivity improvements. Such direct area-based support can also inadvertently drive climate change, environmental damage and harms to health.

England's new ELM schemes are designed to work for farm businesses so that they can combine these schemes with food production to reduce their costs, reduce waste and improve farm productivity and resilience while also improving air and water quality, enhancing biodiversity and reducing emissions. Schemes are voluntary and incentive based, and can be combined as long as they do not pay for the same action twice.

Approach

Under the Agricultural Transition Plan (2021–2028) England is implementing a programme of ongoing payments through ELM schemes and one-off productivity and innovation grants to help farmers invest in new technologies.

- The Sustainable Farming Incentive pays for sustainable farming actions that protect and enhance the natural environment alongside food production.
- Countryside Stewardship pays for targeted actions to create habitats and to promote cooperation across local areas to deliver bigger and better results.
- Landscape Recovery pays for bespoke, long-term, landscape-scale projects that enhance the natural environment.

Additionally, there is funding (in the form of one-off grants) for equipment, technology, and infrastructure to improve farm productivity and environmental benefits through the Farming Investment Fund and Farming Innovation Programme. The UK Government has supported new entrants to join the farming sector via the New Entrants Scheme, and those who wish to leave the sector to do so in a planned way via the Lump Sum Exit Scheme.

Key to the success of the transition is not just what policies are being changed but how government is managing it.

- Policy co-design: Working directly with farmers has been fundamental to designing new schemes.
- Simplifying things. Defra has simplified the application process – e.g., making it easier and quicker to apply online, and introducing rolling applications so farmers can apply at any time of year.
- Defra have worked hard to make the offer work for all farmers: all farm types, regardless of size, location, ownership or the systems used, can access funding and support that works for



them. This includes making the offer attractive to smaller farms, and adjusting options to ensure they work for upland farmers and tenant farmers.

- Finally, Defra have improved the way rules around farming and the countryside are set and controlled to make regulation fairer, more proportionate and effective, e.g., issuing warnings rather than minor penalties.

GHANA

Experience in policy action for transitioning from direct input subsidies to a smart input-credit system. The agricultural sector is a key driver of Ghana's economy, contributing an average of 21% to gross domestic product and employing 38.3% of the workforce from 2012 to 2021. It also plays a significant role in generating export earnings, primarily through cocoa, which represents about 75% of agricultural exports. Agricultural exports averaged USD 3.23 billion per year between 2012 and 2021, constituting 24% of total export earnings.

Ghana's agricultural sector achieved robust growth with an annual average growth rate of 4.5% from 2012 to 2021, contributing to the country's overall economic growth, which averaged 5.2% annually during the same period. This growth resulted from increased productivity and land area expansion, with an average annual growth of 3.4% in real value added per harvested hectare. The period from 2017 to 2021 saw remarkable growth, as a result of Planting for Food and Jobs (PFJ) flagship programme, which has been linked to increased yields of major agricultural products.

Despite these successes, climate related factors like erratic rainfall and rising temperatures pose an increasingly significant challenge, added to other obstacles in post-production processing and marketing. The Ghanaian agricultural sector also faces challenges in use of modern inputs and services, as well as infrastructure for irrigation, transportation and storage. Limited research and development capacity has led, among other issues, to limited availability of quality seed that is resilient to pests, diseases and climate change.

Rationale

The Planting for Food and Jobs flagship programme (PFJ, 2017–2022) provided subsidized inputs for farmers cultivating targeted crops (maize, rice, sorghum, soya, groundnuts, cowpeas, vegetables, and root crops) and less than 2 hectares (5 acres). Despite its notable impact, several challenges limited PFJ's effectiveness.

First, the subsidies put the government under a heavy fiscal burden. The cost of the subsidies averaged USD 75 million between 2019 and 2022. This amount represented half (51%) of the Ministry of Food and Agriculture (MoFA)'s expenditures allocated through the central government. Moreover, subsidies cost three times capital expenditures, suggesting limited resources for value chain upgrading.

Second, although PFJ was originally organized around five pillars, only the first two – promoting fertilizer and seeds availability and access – received sufficient attention. Underfunding of the last three pillars (extension services, marketing and e-agriculture) has hindered PFJ's effectiveness. The present extension agent-to-farmer ratio of 1:745 is a concrete outcome of this matter. Other inefficiencies that limited PFJ's effectiveness are related to beneficiary targeting, crowding out commercial input sales, low input use efficiency, lack of



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marketing support, and weak monitoring and evaluation system. Repurposing the considerable input subsidies' resources to finance a more holistic, data-driven and value chain-oriented approach will promote sustainable and viable production systems.

Approach

In a second phase, MOFA decided to repurpose government support to farmers away from the provision of direct input subsidies, introducing the PFJ 2.0 in 2023. This is a bold transition from direct input subsidies to a smart input-credit model. PFJ 2.0 prioritizes 11 commodities. The input-credit model involves the provision of a package consisting of high-quality climate-resistant seeds, fertilizers and mechanization and extension services. These services will be accompanied by climate-smart information and adaptation practices, through digitization, aggregators and extension agents. In addition, PFJ 2.0 intends to provide storage and distribution infrastructures and promote off-taker arrangements.

The PFJ 2.0 also integrates the Ghana Agriculture and Agribusiness Platform (GAAP). The GAAP will centralize data and information essential for the development of stakeholder-specific applications. The e-extension system illustrates such applications. It will rely on the centralization of real-time climate and weather information, soil and fertility mapping, and a digital database recording farmers' cropping decisions, supporting farmers in adapting to climate change impacts – particularly floods, droughts and rising temperatures. This electronic system will not only allow the timely delivery of customized agricultural advice to farmers, but also allow a greater number of farmers to be reached through innovation. Considerable efficiency and productivity gains are expected.

IRELAND

Food Vision 2030: A world leader in sustainable food systems, The agrifood sector is Ireland's largest indigenous exporting industry, playing a vital role in Ireland's economy. The sector accounts for almost 7% of Gross National Income and over 9% of exports in value terms. The sector employs almost 165,000 people, representing close to 7% of total employment in the country, but a far greater proportion in rural and coastal areas. Ireland's greenhouse gas emissions for 2022 show that agriculture is responsible for 38% of total emissions. importance of agriculture to Ireland's economy, and the lack of heavy industry in comparison to many other countries.

Rationale

The Irish agrifood sector has benefited from strategic planning in the development of stakeholder-led strategies. Since their inception 20 years ago, these strategies have ensured that the sector has a coherent, stakeholder-led vision and strategy to underpin its continued development. Food Vision 2030 aims for Ireland to become a “world leader in sustainable food systems” by 2030. This will deliver significant benefits for the Irish agrifood sector, for Irish society and the environment. In demonstrating that the Irish agrifood sector meets the highest standards of sustainability – economic, environmental and social – this will provide the basis for the future competitive advantage of the sector. By adopting an integrated food-systems approach, Ireland will seek to become a global leader of innovation for sustainable food and agriculture systems, producing safe, nutritious and high-value food, while protecting and



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enhancing its natural and cultural resources and contributing to vibrant rural and coastal communities and the national economy.

Approach

Food Vision 2030 consists of 22 goals and 218 actions, grouped into four high-level missions for the sector to work towards.

Mission 1 is to achieve “a climate-smart, environmentally sustainable agrifood sector” with an overall target of a climate neutrality by 2050, with verifiable progress to be achieved by 2030. There are seven goals in this mission, encompassing emissions reductions, carbon sequestration, improvements in air quality, restoration and enhancement of biodiversity, improvements in water quality, development of diverse forests, enhanced seafood sustainability, exploring the bioeconomy and strengthening Origin Green, Ireland’s national food and drink sustainability programme. Mission 2 is for “viable and resilient primary producers, with enhanced well-being.” This mission places primary producers, farmers, fishers and foresters at the centre of the strategy. It involves improving the competitiveness and productivity of primary producers; increasing the creation of value and distributing it fairly; introducing greater diversification in production systems and incomes; and improving the social sustainability of primary producers across areas such as generational renewal, gender balance, health and safety, mental health and well-being, and wider rural development.

Mission 3 is for “food that is safe, nutritious and appealing, trusted and valued at home and abroad”, with a particular focus on the importance of trade. Food Vision 2030 looks to protect and build on Ireland’s global reputation as a trusted supplier of high quality, safe, sustainable food to consumers at home and abroad. This mission aims to prioritize coherent food and health policies for better health outcomes, to enhance consumer trust in our food system, to add value through insight, innovation and product differentiation, and to further develop market and trade opportunities both at home and abroad. Diversifying and developing markets will continue to be a priority.

Mission 4 is for an “innovative, competitive and resilient agrifood sector, driven by technology and talent.” There are seven goals in this mission, which are relevant to all other missions and will act as key enablers. They include moving to a challenge-focused innovation system, having a strategic approach to funding research and development, developing dynamic knowledge exchange practices, enhancing the use of technology and data, improving competitiveness and resilience, attracting and nurturing diverse and inclusive talent, and improving policy coherence in sustainable food systems between Ireland’s domestic and foreign policy. The strategy envisages a more output-focused collaborative innovation system by 2030, with private research and development to reach 1% of turnover.

LATVIA

The EU Common Agricultural Policy (CAP) constitutes a framework for agricultural and rural development activities in the EU member countries. At present agricultural and food industry together make a significant part of EU economics - they provide 15 million jobs and constitute 4.4% of the gross domestic product. As the most completely harmonized area, CAP is allocated a significant part of EU budget. However, it has reduced from the maximum possible - almost



70% of EU budget in the 70-ies of the 20th century - to 34% of the budget between 2007 and 2013. As a result of reforms, part of agriculture expenses is allocated for rural development and expanding other areas of EU responsibility. According to budget data from 2007-2013, it is planned to spend 43% of the total EU budget on environment protection, restructuring and diversification of rural economics, as well as on facilitating sustainable fishery (Upite, 2009). Significant changes in agricultural and rural policies were brought by an inference about the multifunctional role of agriculture and farmers as managers of their surrounding environment. The initial goals of the EU CAP have partially lost their topicality or transformed. For instance, the priority of food supply changed from food quantity to its quality, but increase in the production efficiency of agricultural enterprises has to be in compliance with the requirements of environmental protection, animal welfare, and food safety (Tongeren, 2008, Upite, 2009, Upite, 2010) Presently, rural development policies concentrate on three major goals, to ensure funding for respective goals within the three Axis framework: • increasing the competitiveness of agriculture and forestry by supporting restructuring, development, and innovation; • protecting the environment and rural landscapes by supporting activities of land management; • raising the quality of life in rural areas and diversifying economic activity (EC, 2006). A wide range of scientists are studying the EU CAP and the tendencies of its development nowadays. Tracy M. (1996) summarizes the main stages of the development or reforms of the EU CAP. In foreign countries other researches have been performed by J.A.Usher (1988), J.P.Chauffour (2008), F.Tongeren (2008) and others. Mickiewitz A. and Mickiewitz B. (2011), when analyzing EU CAP use in Poland, it can be concluded that the largest funds were earmarked for the implementation of actions within Axis I. In Latvia these aspects have been researched, since 90-ties years in the last century. Newest researches in Latvia about EU CAP implementation have been carried out by Saktiņa D., Meyers W.H. (2005), G.Salputra, A.Miglavs (2007), I.Pilvere (2007, 2008), I.Upite (2009), I.Upite, I.Pilvere (2011), S.Cingule-Vinogradova, I.Latviete (2011) and others. I.Upite (2009) notes that EU CAP is constantly developing and improved and eight main stages of the reform can be distinguished in its development. The CAP reform process is not finished yet because the last CAP reforms are evaluated as not sustainable and not compatible with the further liberalization of the global trade

The Common Agricultural Policy of the European Union has undergone major changes since it was first implemented at the end of the 1960s (Towards a sustainable..., 2002). The economic and international situation caused this change, thus changing the CAP's objectives and main implementation principles as well as support instruments On 11 November 2022, the European Commission (EC) approved the Strategic Plan for the Common Agricultural Policy of Latvia (CAP SP) for 2023-2027. The CAP SP envisages investing EUR 2.5 billion in agriculture and rural development in Latvia over the next five years (2023-2027). Most of the funding, or EUR 1.7 billion, will take the form of direct payments, EUR 0.791 billion for rural development measures and EUR 10 million for support measures of the common organisation of the market.



Rational

Kaspars Gerhards, the Minister for Agriculture: *“Latvian CAP Strategic Plan was developed in close cooperation with industry. Unlike other countries, Latvia chose to go the way of dialogue with industry organisations. This was not an easy route, because Latvian farmers are very diverse and organisations, representing farmers are just as diverse. The European Commission's alignment with Latvia's CAP Strategic Plan makes it possible to significantly change the current approach to the EU support – to ensure fairer incomes and more targeted support mechanisms from 2023 onwards, which will allow for sustainable investments in farm development in particular for small and medium-size and organic farms. Small and medium-size farms play an important role not only in the production of local food, ensuring its quality and diversity, but also in the population of rural areas.”*

In order to facilitate Latvia's agricultural progress towards the European Green deal, a significant part of the aid – 48% of the CAP SP will be invested in environmental and climate measures – promoting environmentally and climate-friendly agricultural practices within the framework of the new eco-schemes, improving conditions for agri-environmental measures and making environmental investments.

From 2023, redistribution of income support will be implemented in Latvia in favour of small and medium-size farms, because by introducing the redistributive payment, farmers will receive more income support per 3.1 to 100 ha than for further hectares. A maximum amount of EUR 100 thousand basic income support will be set per beneficiary per year. Similarly, for the first time, farmers in counties, bordering Russia and Belarus (i.e. along the EU external border with third countries) and in counties with specific conditions, the basic income support rate will be set higher by EUR 10 per ha than in other counties.

Direct payment aid will only be granted from 2023 to farmers who carry out agricultural activities and fulfil at least one of the seven criteria for active farmers, laid down in Latvia. Only farmers who received direct payments of EUR 500 or less in the previous year are exempted from the active farmer condition.

In order to promote the involvement of young and educated people in agricultural activities, additional support is provided to young farmers in the form of both income and investment aid. The new CAP SP provides for investment in the development of co-operation to strengthen the position of farmers in food chains, as well as support for the formation of new cooperative societies. Support for participation in different food quality schemes is also included. In order to facilitate cooperation between producers in the overall development of production on the market, support for the implementation of operational programmes of producer organisations will be made available not only in the fruit and vegetables sector, but also in the milk, pork, beef, cereals and leguminous vegetables sector.

Significant support is provided for knowledge, research and innovation in order to promote exchange of experience and improvement of knowledge, thus Latvian farmers will be educated and knowledgeable. Support will also be provided for cooperation between farmers and scientists in developed



Approach

The Common Agricultural Policy (CAP) of the European Union plays a central role in supporting farm incomes, promoting rural development, and advancing environmental sustainability in Latvia. Under the CAP Strategic Plan 2023–2027, Latvia is set to receive approximately €2.5 billion for agricultural and rural development initiatives, of which around €1.7 billion is allocated to direct payments and €0.79 billion to rural development measures. The policy aims to enhance farm competitiveness, improve farmers' incomes, encourage sustainable agricultural practices, and strengthen rural economies. A substantial share of funding is dedicated to environmental and climate-related actions, including eco-schemes and biodiversity conservation. Reforms introduced by 2025 have simplified support mechanisms, expanded access to insurance schemes, encouraged the development of short food supply chains, and increased farmer participation in EU programs. Through these measures, Latvia's agricultural policy contributes to income stability, productivity enhancement, climate resilience, and rural prosperity, thereby supporting overall economic and financial stability (European Commission, 2022).

Agriculture remains a relatively small yet strategically important sector within the Latvian economy. By 2024–2025, the sector is expected to contribute approximately 3 to 4 percent of the country's GDP while continuing to play a vital role in rural employment, land management, and export earnings. Latvia is recognized as a significant exporter of cereals and dairy products within the European Union, with agricultural production concentrated in grain cultivation, dairy farming, livestock production, and forestry-related activities. Although modernization has reduced the sector's share of employment, agriculture continues to support regional development and national food security. Financial assistance and investment provided through the CAP help maintain rural incomes and strengthen economic resilience. Beyond its direct economic contribution, the sector promotes food security, price stability, livelihood protection, and export growth, all of which contribute to macroeconomic stability and reduced inflationary pressures. Following earlier market disruptions, agricultural factor income increased by approximately 6 to 8 % during 2023–2024, supported by CAP funding and improved grain prices. Driven by steady performance in cereals, dairy, and livestock production, Latvia's agricultural output is projected to reach approximately €2.5–€3.1 billion annually during 2024–2025.

Agricultural policy has a significant influence on financial stability through its effects on food prices, rural incomes, employment, credit availability, and government expenditure. In India, where agriculture provides employment to approximately 40–45 percent of the population, the sector plays a critical role in controlling inflation and sustaining rural consumption. Policy measures such as the Minimum Support Price (MSP), input subsidies, agricultural credit programs, and public procurement systems help stabilize farmers' incomes and strengthen purchasing power. In Latvia, although agriculture contributes only around 3 to 4 % of GDP, it remains essential for rural employment, export performance, and regional economic balance. Financial support provided through the European Union's Common Agricultural Policy (CAP) reduces risks faced by farmers and rural financial institutions by ensuring income stability and



promoting investment in agricultural development. A comparative examination of agricultural policies in India and Latvia highlights how both domestic policy interventions and EU-supported structural assistance contribute to economic resilience and the stability of the financial system.

The Common Agricultural Policy (CAP) of the European Union serves as the foundation of Latvia's agricultural policy, focusing on farm income support, rural development, and environmental sustainability. Under the CAP Strategic Plan 2023–2027, Latvia is expected to receive approximately €2.5 billion for agricultural and rural development activities, including €1.7 billion in direct payments and €0.79 billion for rural development measures. The policy aims to enhance farm competitiveness, improve farmers' incomes, promote sustainable agricultural practices, and strengthen rural economies. A substantial portion of the funding is dedicated to environmental and climate-related initiatives, particularly eco-schemes and biodiversity conservation. Reforms introduced by 2025 have streamlined support mechanisms, expanded insurance opportunities, encouraged the development of short food supply chains, and increased farmer participation in EU-supported programs. Through these initiatives, Latvia's agricultural policy contributes to income stability, productivity growth, environmental sustainability, and rural development, thereby supporting the country's overall economic and financial stability (European Commission, 2022).

The Changing Role of Agriculture in the Economy

Agriculture continues to play an important role in Latvia's economy despite its relatively modest contribution to GDP. Latvia is one of the leading cereal exporters within the European Union, producing approximately 3 million tonnes of cereals and around 1 million tonnes of milk annually. Since 2020, cereal and dairy production have shown gradual growth, reflecting improvements in productivity and market demand, while livestock production has remained largely stable. However, the poultry and pig farming sectors have faced challenges due to rising feed and energy costs, which have increased production expenses. During 2021–2022, agricultural commodity prices, particularly for grains and milk, experienced significant increases. These prices subsequently stabilized between 2023 and 2025, contributing to improved farm profitability and greater income security for agricultural producers. As a result, the agricultural sector continues to support rural livelihoods, export earnings, and economic resilience in Latvia (Ministry of Agriculture, 2025).

Furthermore, the government may impose export bans, quantitative restrictions, or minimum export prices on essential commodities such as wheat, rice, and onions during periods of supply shortages or rising inflation. These measures help ensure adequate domestic availability, protect consumers from sharp price increases, and maintain food security. At the same time, India's agricultural exports have exceeded USD 45–50 billion in 2025, reflecting strong global demand for Indian agricultural products. By balancing export promotion with domestic market protection, flexible export policies contribute to market stability, price control, farmer income security, and overall financial stability.



The Changing Role of Agriculture in the Economy and Financial Stability

The role of agriculture in modern economies has evolved significantly, extending beyond food production to encompass income generation, employment creation, trade promotion, and financial stability. In Latvia, agriculture remains a strategically important sector despite its relatively small contribution of approximately 3–4 percent to national GDP. The country is one of the European Union's major grain exporters, producing around 3 million tonnes of cereals and approximately 1 million tonnes of milk annually. Since 2020, cereal and dairy production have experienced gradual growth due to improvements in productivity, market demand, and support provided through the European Union's Common Agricultural Policy (CAP). In contrast, livestock production has remained relatively stable, while the poultry and pig farming sectors have faced increasing production costs resulting from higher feed and energy prices.

Agricultural commodity prices increased sharply during 2021–2022, particularly for grains and dairy products, reflecting global supply-chain disruptions, rising energy costs, and geopolitical uncertainties. However, prices stabilized during 2023–2025, leading to improved farm profitability and greater income security for Latvian farmers. Financial support received through CAP direct payments, rural development programs, and environmental schemes has further strengthened the sector by reducing income volatility and encouraging long-term investment in agricultural modernization and sustainability. Consequently, agriculture continues to contribute to rural employment, export earnings, regional development, and food security despite its declining share in overall economic output (Ministry of Agriculture, 2025). Agricultural policy has a direct influence on financial stability through its impact on food prices, rural incomes, employment levels, credit markets, government expenditure, and investment flows. In India, agriculture employs approximately 40–45 percent of the workforce and remains a critical determinant of inflation and consumer spending. Policy instruments such as the Minimum Support Price (MSP) system, input subsidies, agricultural credit schemes, crop insurance programs, and public procurement mechanisms help stabilize farmers' incomes and maintain rural purchasing power. These measures support domestic demand, reduce income uncertainty, and contribute to overall macroeconomic stability.

In Latvia, although agriculture accounts for a smaller share of GDP, it plays a vital role in sustaining rural communities, supporting exports, and maintaining regional economic balance. The CAP provides direct income support, investment assistance, environmental payments, and rural development funding, thereby reducing financial risks faced by farmers and rural financial institutions. Stable agricultural incomes improve farmers' ability to access credit, invest in productive assets, and withstand market fluctuations. In addition, agricultural exports generate foreign exchange earnings and contribute to economic resilience.

A comparative analysis of agricultural policies in India and Latvia highlights two distinct approaches to supporting financial stability. India relies primarily on domestic interventions such as price support mechanisms, subsidies, and procurement systems to protect farmers and consumers. Latvia, by contrast, benefits from the institutional and financial support provided by the European Union through the CAP framework. Despite these differences, both approaches aim to stabilize agricultural incomes, support rural development, reduce economic



vulnerability, and strengthen the overall financial system. Therefore, agricultural policy remains an important instrument for promoting economic resilience, sustainable growth, and financial stability in both countries.

Agriculture in the Latvian Economy

Although agriculture contributes only about 3–4 percent to Latvia's GDP, it remains a strategically important sector for the country's economy. The sector plays a significant role in supporting rural employment, land management, food security, and export earnings. Latvia is a leading exporter of cereals and dairy products within the European Union, with agricultural activities primarily focused on grain cultivation, dairy farming, livestock production, and forestry-related agriculture. While the share of agricultural employment has declined due to technological advancements and modernization, the sector continues to contribute to regional economic development and social stability in rural areas.

Agriculture also strengthens Latvia's financial resilience through stable income support and investment provided under the European Union's Common Agricultural Policy (CAP). These financial transfers help farmers maintain production levels, adopt sustainable practices, and improve productivity. In addition to ensuring food security and generating export revenues, the sector contributes to price stability and income security for rural households. Following earlier market disruptions, agricultural factor income increased by approximately 6–8 percent during 2023–2024, supported by CAP funding and favorable grain prices. With continued growth in cereals, dairy, and livestock production, Latvia's agricultural output is projected to reach approximately €2.5–€3.1 billion annually during 2024–2025, further supporting economic stability and sustainable rural development (Ministry of Agriculture, 2025).

Latvia: Agriculture and Economic Stability

Latvia's economy has maintained moderate growth, supported by European Union integration, export-oriented industries, and structural reforms. Although agriculture contributes only about 3–4% of GDP during 2024–2025, it remains strategically important for rural employment, land management, food security, and export earnings. Under the European Union Common Agricultural Policy (CAP) Strategic Plan 2023–2027, Latvia is expected to receive approximately €2.5 billion, including €1.7 billion in direct payments and €0.79 billion for rural development measures. These transfers help stabilize farm incomes, support investment, improve productivity, and strengthen rural economies. Agricultural factor income increased by approximately 6–8% during 2023–2024, supported by CAP funding and higher grain prices. Through income support, environmental programmes, and rural development initiatives, Latvia's agricultural policy contributes to regional development, export competitiveness, and overall financial stability (European Commission, 2025; Ministry of Agriculture, 2025).

Export Policy

Latvia's agricultural export policy is closely aligned with the European Union's trade framework and aims to enhance the competitiveness of domestic agricultural products in international markets. The country actively promotes the export of cereals, dairy products, meat products, timber-related agricultural goods, and processed foods through market integration within the EU and access to global markets. Government and EU-supported initiatives focus



on improving logistics infrastructure, strengthening supply chains, promoting quality standards, and facilitating participation in international trade networks.

As one of the European Union's important cereal-exporting countries, Latvia benefits from strong external demand for grain and dairy products. Export growth contributes significantly to foreign exchange earnings, rural incomes, and agricultural investment. Unlike countries that frequently use export restrictions to manage domestic prices, Latvia generally operates within the EU's open-market framework, emphasizing market competitiveness and sustainable production. Stable export performance supports farm profitability, encourages investment in the agricultural sector, and enhances overall economic and financial stability. By generating export revenues and strengthening rural economies, agricultural exports continue to play an important role in Latvia's long-term economic resilience and development.

Basic goods such as wheat, rice, and onions will sometimes be banned or restricted or pegged at minimum prices of exports to curb inflation and guarantee domestic supplies. Recent agricultural exports have surpassed USD 45-50 billion, implying an increase in the global demand. Flexible export policies stabilise markets and consumer prices and increase financial stability add his t

Furthermore, the government may impose export bans, quantitative restrictions, or minimum export prices on essential commodities such as wheat, rice, and onions during periods of supply shortages or rising inflation. These measures help ensure adequate domestic availability, protect consumers from sharp price increases, and maintain food security. At the same time, India's agricultural exports have exceeded USD 45–50 billion in recent years, reflecting strong global demand for Indian agricultural products. By balancing export promotion with domestic market protection, flexible export policies contribute to market stability, price control, farmer income security, and overall financial stability.

The Changing Role of Agriculture in the Economy. Latvia is a major exporter of EU grains, with annual production of 3 million tonnes of cereals and 1 million tonnes of milk. Cereal and dairy production have been growing slowly since 2020, but livestock production has not changed. The poultry and pig industries, however, encounter the cost issue of feed and energy prices. In 2021-2022, prices in agriculture jumped, especially for grains and milk, after which they stabilised in 2023-2025, increasing farm profitability and income security (Ministry of Agriculture, 2025). The agricultural policy affects food prices, rural income, employment, credit markets and fiscal expenditure, all of which have effects on financial stability. The reason is that agriculture employs 40-45 percent % of the Indian population, and it has a significant impact on inflation, so Minimum Support Price, subsidisation schemes, credit schemes, and procurement play a major role in the stabilisation of the income and consumption. In Latvia agriculture contributes 3-4 per cent%. of GDP, but plays a crucial role in rural labour and labour supply as well as maintaining regional balance in terms of exports. EU Common Agricultural Policy transfers reduce the financial risks in farmers and rural banks by offering income and investment support. The analysis of the agricultural policies of these countries assists in understanding the role of domestic intervention in India and Latvia in stabilising the financial system through EU-based structural support. detail



The Changing Role of Agriculture in the Economy and Financial Stability

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Table: 1 Major Agricultural Commodities and Production Across Selected Countries (2024–2025)

Rank	India	Production (Million Tonnes)	Bangladesh	Production (Million Tonnes)	Brazil	Production (Million Tonnes)
1	Sugarcane	490	Rice	58	Soybean	170
2	Rice	135	Potatoes	11	Sugarcane	760
3	Wheat	112	Maize	6	Maize	130
4	Coarse Cereals	55	Wheat	1.3	Soy Meal	45
5	Maize	38	Vegetables	5.5	Cotton	3.8
6	Cotton	31	Jute	1.8	Rice	11
7	Pulses	27.5	Sugarcane	8	Coffee	3.5
8	Soybean	15.5	Tea	0.09	Orange	17
9	Gram	13.5	Pulses	1.0	Wheat	10
10	Rapeseed & Mustard	12.5	Oilseeds	1.2	Beef	11

Source: Authors' calculations based on FAOSTAT, OECD Agricultural Policy Monitoring Reports, and respective Ministry of Agriculture statistics (2024–2025).

Table 1 presents the major agricultural commodities and their production levels in India, Bangladesh, and Brazil during 2024–2025. India is a global leader in the production of sugarcane (490 million tonnes), rice (135 million tonnes), and wheat (112 million tonnes), reflecting the importance of food grains and commercial crops in its agricultural economy. Bangladesh's agricultural sector is dominated by rice production (58 million tonnes), followed by potatoes and sugarcane, highlighting its focus on food security. Brazil demonstrates strong specialization in export-oriented agriculture, particularly soybean production (170 million tonnes), sugarcane (760 million tonnes), and maize (130 million tonnes). The table illustrates the diversity of agricultural production patterns across developing economies and their varying contributions to domestic food supply and export earnings.

Table: 2 Major Agricultural Commodities and Production in Ghana (2024–2025)

Rank	Product	Production (Million Tonnes)
1	Cassava	23
2	Yam	9
3	Maize	3.5



4	Plantain	4.8
5	Cocoa Beans	0.7
6	Rice	1.1
7	Sorghum	0.4
8	Millet	0.3
9	Groundnuts	0.6
10	Oil Palm	2.8

Source: Authors' calculations based on Ghana Ministry of Food and Agriculture and FAOSTAT (2024–2025).

Table 2 shows the production of major agricultural commodities in Ghana. Cassava (23 million tonnes) and yam (9 million tonnes) are the dominant crops, reflecting the country's reliance on root and tuber crops for food security. Other significant commodities include plantain, maize, cocoa beans, and oil palm. The prominence of cocoa production highlights Ghana's role as one of the world's leading cocoa exporters. The table demonstrates the importance of agriculture in supporting rural livelihoods, food security, and export revenues within the Ghanaian economy.

Table: 3 Major Agricultural Commodities and Production in Ireland (2024–2025)

Rank	Product	Production (Million Tonnes)
1	Milk	8.8
2	Grass/Silage	35
3	Beef	0.65
4	Barley	1.9
5	Wheat	0.7
6	Potatoes	0.35
7	Oats	0.18
8	Sheep Meat	0.07
9	Pig Meat	0.3
10	Mushrooms	0.07

Source: Authors' calculations based on Ireland Food Vision 2030, Eurostat, and CSO Ireland statistics (2024–2025).

Table: 4 Major Agricultural Table 3 presents the major agricultural products in Ireland, where livestock and dairy production dominate the agricultural sector. Milk production reaches 8.8 million tonnes, while grass and silage production totals 35 million tonnes, supporting Ireland’s extensive dairy and livestock industries. Beef, barley, wheat, and potatoes also contribute significantly to agricultural output. The data highlight Ireland’s specialization in high-value livestock-based agriculture and its strong integration into international agri-food markets.

Commodities and Production in England (2024–2025)

Rank	Product	Production (Million Tonnes)
1	Wheat	14
2	Milk	15
3	Barley	7
4	Potatoes	5
5	Sugar Beet	7.5
6	Oilseed Rape	1.1
7	Oats	1.0
8	Beef	0.9
9	Poultry Meat	2.1
10	Sheep Meat	0.3

Source: Authors' calculations based on UK Department for Environment, Food & Rural Affairs (DEFRA) statistics (2024–2025).

Table 4 illustrates the structure of agricultural production in England. Wheat (14 million tonnes), milk (15 million tonnes), barley (7 million tonnes), and sugar beet (7.5 million tonnes) are the principal agricultural commodities. Livestock products, including poultry meat, beef, and sheep meat, also contribute significantly to agricultural output. The table reflects England’s highly mechanized and commercially oriented agricultural sector, which emphasizes productivity, sustainability, and food security.

Table: 5 Major Agricultural Commodities and Production in Bangladesh (2024–2025)

Rank	Product	Production (Million Tonnes)
1	Rice	58
2	Potatoes	11
3	Sugarcane	8
4	Maize	6
5	Vegetables	5.5
6	Wheat	1.3
7	Jute	1.8



8	Tea	0.09
9	Pulses	1.0
10	Oilseeds	1.2

Source: Authors' calculations based on Bangladesh Ministry of Agriculture, FAOSTAT, and World Bank agricultural statistics (2024–2025).

Table 5 highlights Bangladesh’s agricultural production structure, with rice accounting for the largest share of output at 58 million tonnes. Potatoes, sugarcane, maize, and vegetables also contribute substantially to national agricultural production. Cash crops such as jute and tea remain important for export earnings. The table demonstrates Bangladesh’s continued emphasis on food grain production while gradually diversifying into higher-value agricultural products.

Table: 6 Major Agricultural Commodities and Production in Latvia (2024–2025)

Rank	Product	Production (Million Tonnes)
1	Cereals (Wheat & Barley)	3.2
2	Milk	1.0
3	Potatoes	0.45
4	Rapeseed	0.35
5	Oats	0.25
6	Rye	0.18
7	Vegetables	0.17
8	Beef & Veal	0.09
9	Pork	0.08
10	Poultry Meat	0.05

Source: Authors' calculations based on Eurostat and Latvian Ministry of Agriculture statistics (2024–2025).

Table 6 presents Latvia’s major agricultural commodities. Cereals, particularly wheat and barley, constitute the largest agricultural output at 3.2 million tonnes, followed by milk production of 1 million tonnes. Potatoes, rapeseed, oats, and rye also contribute significantly to agricultural production. The table reflects Latvia’s specialization in grain and dairy farming, which supports both domestic food supply and exports within the European Union market.

Table 7 Comparison of Agricultural Policy and Financial Stability Across Countries

Dimension	India	Latvia	Bangladesh	Brazil	England (UK)	Ghana	Ireland
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Role in Employment	Very high (40–45%)	Low (around 6–8%), regionally important	High (around 36–40%)	Moderate (8–10%)	Low (1–2%)	High (38.3%)	Moderate (7%)
GDP Contribution	15–16%	3–4%	11–13%	6–8%	Below 1%	21%	7% of GNI
Policy Model	Domestic support system (MSP, subsidies, PM-KISAN)	EU CAP institutional support	Subsidy reform and climate-resilient agriculture	Market-oriented support with climate-smart incentives	Environmental payment-based system	Smart input-credit model	Food Vision 2030 sustainability strategy
Key Stability Tools	MSP, procurement, subsidies, crop insurance, agricultural credit	Direct payments, rural development funds, eco-schemes	E-vouchers, input support, diversification programs	Rural credit, crop insurance, low-carbon agriculture funding	Environmental Land Management (ELM), innovation grants	Input-credit support, digital agriculture, extension services	Climate-smart agriculture, innovation and market diversification
Inflation Impact	Strong influence on food prices and CPI	Limited impact on national inflation	Moderate influence on food security and prices	Moderate influence through export markets	Low direct effect on inflation	Moderate impact on food prices	Limited domestic inflation impact
Financial Stability Channel	Income protection, food security, rural	Income transfers, rural investment,	Food security, poverty reduction,	Export earnings, sustainable investment	Environmental payments and farm	Credit access, productivity growth,	Export competitiveness, sustainable growth,

	demand stabilization	regional development	climate resilience	nt, risk management	income stability	rural income support	rural resilience
Main Funding Source	Government budget and subsidies	European Union CAP funds	Government and World Bank-supported programs	Federal government credit and insurance schemes	UK Government agricultural transition funds	Government-funded PFJ 2.0 program	National and EU agricultural support programs
Environmental Focus	Growing emphasis on sustainable farming	Very strong focus through eco-schemes	Climate resilience and efficient resource use	Strong focus on low-carbon agriculture	Primary objective of agricultural support	Climate-smart farming practices	Climate-neutral agriculture by 2050
Major Economic Benefit	Rural income stability and food security	Rural development and balanced regional growth	Poverty reduction and food self-sufficiency	Export growth and agricultural competitiveness	Environmental sustainability with stable farm incomes	Increased productivity and agricultural modernization	Sustainable export-led agricultural growth
Major Challenge	Small landholdings, subsidy burden, productivity gaps	Dependence on EU funding and aging rural population	Climate vulnerability and excessive input use	Deforestation and climate risks	Balancing food production and environmental goals	Fiscal burden and low input efficiency	Reducing agricultural emissions while maintaining competitiveness

Source: Compiled from OECD Agricultural Policy Monitoring and Evaluation Reports (2024–2025), European Commission CAP Strategic Plan 2023–2027, Agriculture Policy Dialogue Case Studies (2023), Food Vision 2030 (Ireland), and country-specific agricultural policy documents.

Table 7 compares agricultural policy frameworks and their contribution to financial stability across India, Latvia, Bangladesh, Brazil, England, Ghana, and Ireland. The comparison reveals significant differences in employment dependence, GDP contribution, policy instruments, funding mechanisms, and environmental priorities. India and Ghana exhibit high dependence on agriculture for employment and income security, while Latvia, Ireland, and England focus more on sustainability, environmental protection, and rural development. The table demonstrates that despite different policy approaches, agricultural policy remains an important tool for promoting financial stability, rural development, food security, and economic resilience across all countries.

Table: 8 GDP Contribution of Agriculture in Selected Countries (2020–2025)

Country	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)	2025 (%)
India	18.2	18.6	17.8	16.9	16.2	15–16
Latvia	4.2	4.1	3.9	3.7	3.5	3–4
Bangladesh	12.7	12.3	11.9	11.6	11.3	11–12
Brazil	6.8	7.1	6.9	6.5	6.2	6–7
Ghana	20.8	21.4	21.0	20.5	20.2	20–21
Ireland	1.4	1.3	1.2	1.1	1.0	1.0
England (UK)	0.6	0.6	0.6	0.5	0.5	0.5

Source: World Bank World Development Indicators (2025); FAOSTAT (2025); OECD Agricultural Policy Monitoring and Evaluation Reports (2025); European Commission CAP Strategic Plan 2023–2027; Ministry of Agriculture of Latvia (2025); Government of India (2025); Food Vision 2030 (Ireland); UK DEFRA Statistics (2025); Ghana Ministry of Food and Agriculture (2025).

Table 8 presents the contribution of agriculture to GDP across selected countries between 2020 and 2025. India's agricultural share declined from 18.2% in 2020 to approximately 15–16% in 2025, reflecting ongoing structural transformation. Similar declining trends are observed in Bangladesh, Brazil, Latvia, Ireland, and England. Ghana maintains the highest agricultural contribution, exceeding 20% throughout the period. The table highlights the changing role of agriculture as economies develop while demonstrating that the sector continues to play a vital role in employment, food security, and economic stability.

Table: 9 Average GDP Growth Rate and Agricultural GDP Share (2025)

Country	Average GDP Growth (2020–2025) %	Agriculture Share of GDP (2025) %
India	6–7	15–16
Latvia	2–3	3–4
Bangladesh	5–6	11–12
Brazil	2–3	6–7
Ghana	4–5	20–21
Ireland	5–7	1.0



England (UK)	1–2	0.5
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Source: World Bank (2025), IMF World Economic Outlook (2025), OECD Agricultural Policy Monitoring and Evaluation (2025), European Commission (2025).

Table 9 compares average GDP growth rates during 2020–2025 with the agricultural share of GDP in 2025. India records strong economic growth of 6–7% while maintaining a significant agricultural contribution of 15–16% to GDP. Bangladesh and Ghana also show substantial agricultural dependence alongside steady economic growth. In contrast, developed economies such as Ireland and England exhibit low agricultural shares despite relatively strong economic performance. The table illustrates that agriculture remains strategically important for economic stability and rural development, even as countries undergo structural transformation and diversification.

3.CONCLUSION

This study examined the relationship between agricultural policy and financial stability through a comparative analysis of India, Latvia, Bangladesh, Brazil, Ghana, Ireland, and England. The findings demonstrate that agriculture continues to be a strategically important sector despite its declining contribution to GDP in many countries. Beyond food production, agriculture contributes significantly to employment generation, export earnings, rural development, environmental sustainability, and macroeconomic stability. The analysis confirms that agricultural policy remains a powerful instrument for managing economic risks, supporting livelihoods, and strengthening financial resilience across diverse economic systems.

Indian agriculture has undergone a significant transformation during 2020–2025, shifting from a predominantly cereal-based production system toward a more diversified and high-value agricultural model. Although agriculture's contribution to India's Gross Domestic Product (GDP) declined from approximately 18.2% in 2020 to around 15–16% in 2025, the sector continues to provide employment to nearly 42–45% of the country's workforce. This structural change reflects India's broader economic development, urbanization, and industrialization process, while maintaining agriculture's critical role in food security, rural livelihoods, and economic stability (World Bank, 2025; Government of India, 2025). A key feature of this transformation is the growing importance of high-value agricultural activities. During 2024–2025, fruits, vegetables, dairy products, fisheries, poultry, and livestock contributed more than 45% of the total value of agricultural output. Rising income levels, rapid urbanization, changing food consumption patterns, and increasing health awareness have encouraged greater demand for nutrient-rich and protein-based food products. India remained the world's largest producer of milk and one of the leading producers of fruits, vegetables, fish, and poultry products during 2024–2025, contributing significantly to rural employment and farm incomes (Ministry of Agriculture & Farmers Welfare, 2025; FAOSTAT, 2025). Urbanization has been a major driver of agricultural diversification. India's urban population increased from approximately 34.9% in 2020 to nearly 37% in 2025, creating strong demand for processed foods, dairy products, fresh fruits, vegetables, meat, and fisheries products. Simultaneously,



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improvements in transportation networks, cold-chain infrastructure, food processing facilities, and digital agricultural platforms have enabled farmers to access larger domestic and international markets. Government initiatives such as the Agricultural Infrastructure Fund (2020), e-NAM, Operation Greens, and PM Kisan SAMPADA Yojana have further strengthened agricultural value chains and market integration (Government of India, 2024; Ministry of Food Processing Industries, 2025).

Latvia represents a contrasting model where agriculture contributes only about 3–4 percent of GDP but remains strategically important for rural development, exports, and regional economic balance. The European Union's Common Agricultural Policy provides substantial financial support through direct payments, rural development funding, environmental programmes, and investment assistance. CAP funding helps reduce income volatility, improve productivity, encourage sustainable farming practices, and strengthen rural economies. Consequently, agricultural policy contributes to financial stability through institutional support and long-term structural investment rather than direct market intervention.

Bangladesh provides an important example of agricultural transformation. The country has achieved remarkable progress in food security and poverty reduction through investments in agricultural productivity and policy reforms. However, increasing environmental pressures, climate risks, and changing dietary preferences have necessitated a shift toward diversification and climate-resilient agriculture. The PARTNER programme demonstrates how agricultural policies can be redesigned to improve sustainability, resilience, and nutritional outcomes while maintaining productivity growth. The introduction of digital technologies, e-vouchers, and climate-smart practices highlights the growing importance of innovation in agricultural policy. Brazil illustrates how agricultural policy can simultaneously support global competitiveness and environmental sustainability. Through Plano Safra and the ABC+ programme, Brazil has increasingly linked agricultural credit and support mechanisms to climate-smart agricultural practices. Environmental conditions attached to subsidized credit and investments in sustainable technologies have strengthened resilience while supporting agricultural exports. Brazil's experience demonstrates that agricultural growth and environmental sustainability can be pursued together when policy incentives are properly aligned.

Ghana's transition from traditional input subsidies to the Planting for Food and Jobs (PFJ 2.0) smart input-credit system demonstrates the importance of improving the efficiency and effectiveness of agricultural support programmes. By integrating digital platforms, climate-smart agriculture, extension services, and value-chain development, Ghana seeks to improve productivity, resilience, and farmer incomes while reducing fiscal pressures. This approach highlights the growing role of technology and data-driven policymaking in modern agricultural development.

Ireland and England have increasingly focused their agricultural policies on sustainability, climate resilience, biodiversity conservation, and environmental stewardship. Ireland's Food Vision 2030 strategy seeks to position the country as a global leader in sustainable food systems while maintaining competitiveness and export growth. Similarly, England's Agricultural Transition Plan and Environmental Land Management schemes have shifted support away



from traditional area-based subsidies toward payments for environmental outcomes. These reforms demonstrate how agricultural policy can contribute to long-term environmental sustainability while maintaining economic viability and rural prosperity.

A major finding of the study is that agricultural policy influences financial stability through multiple transmission mechanisms. These include income stabilization, employment generation, inflation control, food security enhancement, export promotion, investment support, risk management, and environmental sustainability. Countries that provide effective agricultural support mechanisms generally experience greater resilience to economic shocks, climate-related risks, and market volatility. The evidence also indicates that agricultural policies play an increasingly important role in facilitating adaptation to climate change and supporting sustainable development objectives.

The comparative analysis further demonstrates that there is no universal model of successful agricultural policy. Each country has developed policy instruments that reflect its specific economic conditions, institutional capacity, agricultural structure, and development objectives. While India emphasizes price support and income protection, Latvia focuses on CAP-based structural support, Bangladesh prioritizes diversification and resilience, Brazil promotes climate-smart production, Ghana advances digital transformation, and Ireland and England emphasize environmental sustainability. Despite these differences, all countries pursue the common objectives of enhancing agricultural productivity, supporting rural livelihoods, ensuring food security, and strengthening economic resilience.

The study concludes that agricultural policy remains an essential component of national economic strategy and financial stability. As countries face growing challenges associated with climate change, resource constraints, food insecurity, and market uncertainty, the importance of effective agricultural policy is likely to increase further. Future policy frameworks should focus on integrating productivity growth, climate adaptation, environmental sustainability, technological innovation, and social inclusion. Investments in research and development, digital agriculture, infrastructure, extension services, and sustainable resource management will be critical for enhancing resilience and long-term competitiveness.

Overall, the findings confirm that agricultural policy has a significant and positive influence on financial stability across all selected countries. Well-designed agricultural policies not only support farmers and rural communities but also contribute to broader economic stability, sustainable development, and national prosperity. Therefore, strengthening agricultural policy frameworks should remain a priority for governments seeking to build resilient, inclusive, and sustainable economies in the future.

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