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MAINS iMPACT- 2025 – 01/10/2024

AGROFORESTRY SECTOR IN INDIA

SYLLABUS:

GS 3 > Environment

REFERENCE NEWS:

Recent research by TERI (The Energy and Resources Institute) suggests that if adequate policies, financial support and incentives are implemented, the agroforestry sector could contribute an additional carbon sink of over 2.5 billion tons of CO₂ equivalent by 2030. India's vast potential in the agroforestry sector is a unique opportunity to integrate with carbon finance projects through Afforestation, Reforestation and Revegetation initiatives.

AGROFORESTRY:

Agroforestry refers to the integrated practice of growing trees and shrubs alongside crops or livestock on the same land. It combines agriculture and forestry to create more **sustainable land-use systems**, improving productivity, biodiversity, and resource efficiency. Agroforestry can involve various practices such as planting trees on farms, growing crops under forest canopies, or integrating livestock with tree and crop systems.

Types of Agroforestry Systems:

- **Agri-silviculture:** Trees and agricultural crops are cultivated together.
- **Silvo-pastoral Systems:** Trees, pasture, and animals are integrated on the same land.
- **Agri-silvo-pastoral Systems:** Combines crops, trees, and livestock on the same plot.
- **Homegardens:** Small-scale agroforestry systems where trees and crops are grown around homes.
- **Alley Cropping:** Crops are grown between rows of trees that provide protection and nutrients to the crops.

AGROFORESTRY IN INDIA

India has a long history of traditional agroforestry practices, especially in rural areas where farmers have managed trees alongside crops for centuries. With a rising emphasis on sustainable agricultural practices and climate resilience, agroforestry has gained significant attention from policymakers.

Current Status of Agroforestry in India:

- **Policy Support:** The Government of India launched the **National Agroforestry Policy (NAP) in 2014**, aimed at encouraging tree planting on farmland, reducing pressure on forests, and increasing tree cover. This was the first such policy in the world, underscoring India's commitment to integrating forestry and agriculture.
- **Sub-Mission on Agroforestry (SMAF):** This is part of the National Mission for Sustainable Agriculture (NMSA). SMAF promotes the expansion of tree-based farming practices through financial support for farmers, focusing on smallholders. The scheme emphasizes land management through agroforestry models suitable for various agro-ecological zones in India.
- India's agroforestry sector covers 28.4 million hectares, representing 8.65% of the country's land area. Agroforestry contributes 19.3% of India's total carbon stocks, showing its environmental significance.
- The sector has potential for expansion to 53 million hectares by 2050. Research suggests it could create an additional carbon sink of over 2.5 billion tons of CO₂ by 2030 with proper policies and support.
- **Agroforestry Systems in India:**
 - **Taungya System:** Practiced in states like West Bengal and Kerala, it integrates forestry and agriculture where crops are grown between young tree plantations.
 - **Home Gardens:** Common in the southern states like Kerala, Tamil Nadu, and Karnataka, home gardens are small agroforestry systems where families grow fruits, vegetables, and trees around their homes.
 - **Agri-silvicultural Systems:** Practiced in Uttar Pradesh and Punjab, this system integrates tree species such as poplar and eucalyptus with wheat, sugarcane, and other crops.
- **Regional Examples:**
 - **Poplar-Based Agroforestry:** This system is popular in northern India, especially in Uttar Pradesh, Punjab, and Haryana. Poplar trees are grown with

wheat, sugarcane, and other crops, providing additional income from timber sales.

- **Eucalyptus Agroforestry:** Eucalyptus trees are grown in various parts of India, including Maharashtra, Andhra Pradesh, and Tamil Nadu. These fast-growing trees are used for pulp, paper, and construction.

SIGNIFICANCE OF CARBON FINANCE FOR AGROFORESTRY:

Carbon finance refers to the financial incentives provided for activities that reduce or sequester carbon emissions, such as agroforestry. In the context of agroforestry, carbon finance plays a significant role by monetizing the carbon sequestration capabilities of trees, making it a viable source of income for farmers and landholders.

○ **Financial Incentives for Farmers:**

- **Direct Payments for Carbon Sequestration:** Farmers and landowners can receive payments through carbon credits, which are issued based on the amount of carbon sequestered by trees in agroforestry systems. These credits can be sold in carbon markets, providing a new income stream for farmers. For many smallholders, this creates a strong financial incentive to adopt agroforestry practices.
- **Increased Livelihood Opportunities:** Carbon finance diversifies income sources beyond traditional crop yields, making farming more resilient to price fluctuations and market instability.

○ **Promotes Large-Scale Adoption of Agroforestry:**

- **Scaling Agroforestry Practices:** By monetizing the carbon sequestration potential of agroforestry, carbon finance encourages more farmers to adopt these systems.
- **Support for Sustainable Land-Use Systems:** Carbon finance helps promote agroforestry as a sustainable land-use practice, encouraging long-term investment in maintaining tree cover alongside crops, which improves environmental outcomes.

○ **Climate Change Mitigation:**

- **Carbon Sequestration:** Agroforestry systems absorb significant amounts of carbon dioxide from the atmosphere, storing carbon in both biomass (trees, plants) and soil. This contributes to global efforts to mitigate climate change by reducing atmospheric carbon levels.

- Agroforestry projects can be part of **REDD+ (Reducing Emissions from Deforestation and Forest Degradation)** or **Clean Development Mechanism (CDM)** schemes, which provide financial incentives for activities that reduce deforestation or sequester carbon.
- **Offsets for Agricultural Emissions:** Traditional agriculture is a significant source of greenhouse gases, particularly methane and nitrous oxide. Carbon finance helps offset these emissions by encouraging practices like agroforestry, which neutralize part of the carbon footprint of agricultural activities.
- **Environmental Co-Benefits:**
 - **Biodiversity Conservation:** Trees in agroforestry systems create habitats for wildlife, contributing to biodiversity conservation. Agroforestry can be integrated with carbon finance projects like Afforestation, Reforestation, and Revegetation (ARR) initiatives. If proper policies and financial support are in place, it could create an additional carbon sink.
 - The **Green India Mission** and **National Agroforestry Policy** are working to integrate agroforestry practices with carbon finance mechanisms
 - **Soil and Water Conservation:** Agroforestry reduces soil erosion, enhances soil fertility, and improves water retention. These environmental services further align with the goals of carbon finance, as healthier ecosystems can sequester more carbon.
- **Alignment with Global Climate Agreements:**
 - **Paris Agreement Goals:** Many countries, including India, have committed to reducing their greenhouse gas emissions under the Paris Agreement. Agroforestry, supported by carbon finance, can play a crucial role in achieving these emission reduction targets by increasing carbon sequestration.
 - **Carbon Markets:** Under voluntary or regulated carbon markets, agroforestry projects can generate carbon credits that are traded globally. By tapping into these markets, agroforestry practitioners can contribute to both local livelihoods and global climate goals.
- **Attracts Investment in Rural Development:**
 - **Private Sector Investment:** Carbon finance can attract private sector investment into rural areas, particularly from companies looking to offset their carbon emissions. This can boost rural economies by providing funding for agroforestry initiatives, capacity building, and infrastructure development.

- **Public-Private Partnerships:** Governments can partner with private entities to scale agroforestry projects that are eligible for carbon finance, creating synergies between environmental goals and rural development.

CHALLENGES OF AGROFORESTRY SECTOR IN INDIA:

- **Lack of Awareness and Knowledge:** There is a shortage of extension services to educate farmers on suitable tree-crop combinations, planting techniques, and long-term management strategies. Without proper guidance, farmers may not see immediate benefits and may hesitate to adopt agroforestry practices.
- **Policy and Regulatory Barriers:** Agroforestry regulations and policies vary significantly between states, leading to confusion and difficulties in scaling up agroforestry practices across regions. Some states have more liberal policies, while others impose restrictions that create obstacles for farmers.
- **Land Tenure and Ownership Issues:** Agroforestry requires a long-term commitment to growing trees alongside crops, and without secure land rights, farmers may be reluctant to adopt such systems. Tenant farmers, sharecroppers, and landless farmers often do not have the authority or incentive to plant trees, as they may not benefit from the long-term yields or income from timber.
- **Economic Constraints and Limited Financial Support:** Although agroforestry provides long-term benefits, farmers often prioritize short-term crop yields due to immediate financial needs. Financial institutions often do not recognize agroforestry as a viable investment option. Farmers face difficulties in accessing credit or loans specifically for agroforestry, as lenders may not understand the economic benefits of such systems.
- **Environmental and Climate Constraints:** In regions with limited water availability, farmers may prioritize water use for crops over trees. Agroforestry systems require careful water management to ensure that trees do not compete with crops for water resources, particularly in arid and semi-arid regions. Droughts, floods, and other extreme weather events can adversely affect both crops and trees in agroforestry systems.
- **Fragmented Landholdings:** In India, a significant proportion of agricultural land is fragmented into small plots, making it difficult to implement agroforestry on a scale that would yield significant environmental and economic benefits. In India, **86.1% of farmers are small and marginal with less than two hectares**, practicing scattered agroforestry
- **Lack of Incentives and Institutional Support:** While the government has introduced policies like the National Agroforestry Policy (2014) and schemes like the Sub-Mission

on Agroforestry (SMAF), the implementation on the ground has been slow. Farmers often do not receive adequate financial or technical support to make agroforestry viable.

WAY FORWARD:

- **Policy Reforms and Simplification of Regulations: Rwanda's Land Tenure Regularization Program** has made it easier for small farmers to obtain legal rights to land, encouraging long-term investments in agroforestry. **Brazil's decentralized forest governance** allows more community involvement in decision-making, simplifying the regulatory framework for small farmers.
- **Promoting Secure Land Tenure and Land Use Rights: Tanzania's Village Land Forest Reserves** system grants communities legal rights to manage agroforestry on village land, ensuring security of tenure. **Mexico's Payment for Ecosystem Services (PES)** programs incentivize indigenous communities to maintain forested lands by paying them for ecosystem services like carbon sequestration.
- **Incentivizing Agroforestry through Financial Mechanisms: Costa Rica's National Fund for Forest Financing (FONAFIFO)** provides direct payments to farmers who implement agroforestry practices, backed by carbon credits and payments for ecosystem services. In **China**, agroforestry systems like the Grain for Green program offer farmers subsidies and financial support for converting cropland to forests.
- **Capacity Building and Extension Services: Kenya's Farmer Field Schools** offer peer-to-peer learning where farmers learn sustainable agroforestry practices, providing hands-on training and encouraging innovation. In **Peru**, a **community-led extension model** offers localized training in agroforestry techniques, helping farmers improve yields and increase tree coverage.
- **Fostering Public-Private Partnerships and Market Access: Colombia's agroforestry cooperatives** help smallholders gain access to global timber and fruit markets by organizing collective sales, reducing market risks for individual farmers. In **Brazil**, public-private partnerships through programs like the **Amazon Fund** have helped create value chains for sustainable forest products, promoting agroforestry among local communities.
- **Leveraging Carbon Finance and International Carbon Markets: In Africa**, the World Bank's **BioCarbon Fund** has successfully integrated small-scale agroforestry projects with carbon finance, enabling smallholders to earn carbon credits. **Ecuador's Socio Bosque Program** links forest conservation with carbon credits and has helped rural communities benefit financially from ecosystem services.
- **Encouraging Climate-Resilient Agroforestry Models: Ethiopia's Climate-Smart Agriculture Initiative** promotes the use of drought-tolerant tree species in agroforestry systems to enhance resilience in semi-arid regions. **Vietnam's Integrated Mangrove**

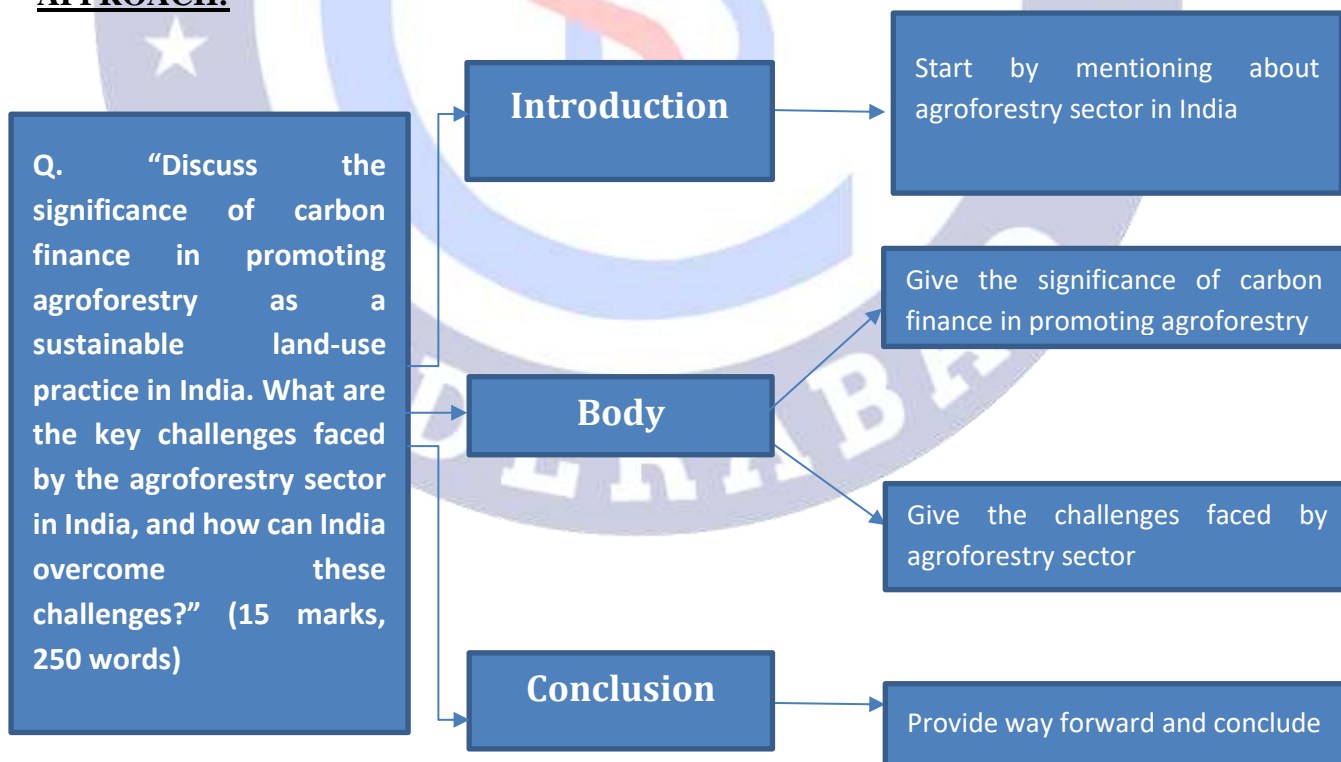
and Shrimp Farming Model combines mangrove reforestation with aquaculture to balance livelihoods and environmental sustainability.

- **Research and Innovation in Agroforestry Systems: Australia’s Agroforestry R&D Network** focuses on developing scientifically validated agroforestry systems tailored to different climates and farming needs. The **European Agroforestry Federation** encourages research collaboration across countries to develop innovative agroforestry systems and techniques.
- **Integrating Agroforestry into National and International Climate Commitments: Costa Rica** has integrated agroforestry into its national climate policies and its commitment to achieving carbon neutrality by 2050. **Norway’s forest policy** is closely tied to international climate agreements, incentivizing sustainable forestry practices that also contribute to global climate goals.

PRACTICE QUESTION:

Q. “Discuss the significance of carbon finance in promoting agroforestry as a sustainable land-use practice in India. What are the key challenges faced by the agroforestry sector in India, and how can India overcome these challenges?” (15 marks, 250 words)

APPROACH:



MODEL ANSWER:

Agroforestry, the integrated practice of growing trees alongside crops or livestock, offers significant environmental and economic benefits, particularly in carbon sequestration. In India, **86.1% of farmers are small and marginal with less than two hectares**, practicing scattered agroforestry

Carbon finance incentivizes this practice by providing financial compensation for carbon sequestration, thus promoting its large-scale adoption. India, with its vast agroforestry potential, can leverage carbon finance to enhance both rural livelihoods and climate action.

SIGNIFICANCE OF CARBON FINANCE IN AGROFORESTRY:

1. **Incentives for Carbon Sequestration:** Carbon finance allows farmers to receive payments through carbon credits based on the amount of carbon sequestered by trees. These credits can be traded in carbon markets, creating an additional revenue stream for farmers.
2. **Promotion of Large-Scale Agroforestry:** By monetizing carbon sequestration, carbon finance encourages more farmers to adopt agroforestry systems. This aligns with sustainable land-use practices, enhances biodiversity, and contributes to long-term environmental goals.
3. **Climate Change Mitigation:** Agroforestry systems sequester carbon both in biomass and soil, contributing to global climate mitigation efforts. Carbon finance also offsets emissions from traditional agriculture by promoting practices that neutralize part of the carbon footprint of agricultural activities.
4. **Attracting Investment:** Carbon finance attracts both public and private investment in rural development, particularly from companies seeking to offset their carbon emissions. This can boost local economies through funding agroforestry initiatives and improving infrastructure.
5. **Alignment with Global Climate Agreements:** Agroforestry, supported by carbon finance, helps India achieve its commitments under the Paris Agreement by enhancing carbon sinks and reducing greenhouse gas emissions.

CHALLENGES IN INDIA'S AGROFORESTRY SECTOR:

1. **Lack of Awareness and Knowledge:** Many farmers are unaware of the benefits of agroforestry or lack technical knowledge, limiting its adoption.
2. **Policy and Regulatory Barriers:** Complex and inconsistent tree felling and transit regulations across states discourage farmers from integrating trees into their farming systems.

3. **Land Tenure Issues:** Unsecure land tenure, particularly for smallholders and tenant farmers, restricts long-term agroforestry investment due to uncertain benefits from trees.
4. **Limited Financial Support:** Farmers often prioritize short-term crop yields due to immediate financial needs, while agroforestry systems have long gestation periods. Access to credit specifically for agroforestry is limited.
5. **Environmental Constraints:** Water scarcity and fragmented landholdings in India make it difficult to scale agroforestry practices, particularly in regions prone to climate variability.
6. **Market Access:** Limited market infrastructure for agroforestry products such as timber and fruits discourages farmers from investing in such systems.

PRACTICES TO OVERCOME CHALLENGES:

1. **Policy Reforms and Simplification of Regulations:** Inspired by **Rwanda's Land Tenure Regularization Program**, India can simplify tree felling and transit regulations, making it easier for farmers to integrate trees into their farms.
2. **Secure Land Tenure:** **Tanzania's Village Land Forest Reserves** can serve as a model to grant Indian communities secure land-use rights, fostering long-term agroforestry investments.
3. **Financial Mechanisms:** **Costa Rica's National Fund for Forest Financing (FONAFIFO)** demonstrates how direct payments for ecosystem services can be used to incentivize farmers. India can expand its financial support through carbon finance mechanisms.
4. **Extension Services:** **Kenya's Farmer Field Schools** offer peer-to-peer learning, which India can replicate to build farmer capacity for agroforestry practices.
5. **Public-Private Partnerships and Market Access:** **Brazil's Amazon Fund** showcases how public-private partnerships can enhance market access for agroforestry products. India should foster partnerships to create value chains for timber, fruits, and other agroforestry products.
6. **Leveraging Carbon Finance:** Programs like the **World Bank's BioCarbon Fund** in Africa can be adapted to support smallholder agroforestry in India, allowing farmers to earn carbon credits and participate in global carbon markets.

Agroforestry, supported by carbon finance, has the potential to create a sustainable land-use system that contributes to carbon sequestration, rural development, and climate resilience in India. However, the challenges of policy, finance, and knowledge need to be addressed. By

adopting global best practices, India can unlock the full potential of agroforestry, ensuring both economic benefits for farmers and environmental sustainability for future generations.

