

FOR FOURTH SEMESTER (M.A IN ECONOMICS) STUDENTS

SPECIAL PAPER: AGRICULTURAL ECONOMICS

MODULE 4: AGRICULTURE GROWTH IN INDIA AND EXTERNAL SECTOR

From: Dr. R. Ghosh

Note: I have given two materials in the note form for your convenience and the students of IV Semester are asked to go through these notes. You are completely free to improve these notes by incorporating more information, if you feel.

1. Give a brief outline of the Recent Trends in Agricultural Growth and Productivity in India. What are your suggestions to improve this sector?

Ans. Agriculture is the key sector in the Indian economy and it plays a very important role in the process of economic development of a country. It has been playing a significant role in the economic development of developed as well as under-developed countries of the world. Agricultural development has helped to a greater extent in the process of economic development, especially in developed nation. Similarly, various under-developed countries of the world now engaged in the process of economic development with the help of agriculture sector. Moreover, agricultural production can be raised more rapidly with lesser amount of capital investment in it. Productivity can be increased even without addition of capital. The increasing agricultural productivity will make substantial contributions to the general economic development of the country. The significance of agriculture in India arises after the independence by knowing the fact that the development in agriculture is an essential condition for the development of the national economy. So, first five year plan of India was focused on the agricultural development and one of the main objectives of first five year plan was to develop the agriculture sector. Various initiatives taken by government of India to improve the agriculture production and their result shown as food grains production increased from 51 million tonnes in 1950-51 to 176.22 million tonnes in 1990-91. Since the 1960s, government provided active support to farmers in the form of subsidies seed, fertilizer, and water, as well as through grain market support prices to shape by heavily invested in specific commodities.

Here we will confine ourselves in analyzing the trend and pattern of Agriculture in India. It is seen that with the growth of the secondary and tertiary sectors in the post-independence period in India, the participation level of agricultural worker has been declining day by day; share of agriculture in GDP has also been showing a declining trend, but the productivity of food grains has been increasing and trade of agricultural commodities has also improved.

In 1951, around 69.7 per cent of working population was involved in the agriculture in which the percentage of cultivator (cultivator are those who are engaged in cultivation of their own land) is higher than the agricultural labour (agriculture labour are those person who are works on another person's land for wages in money or share). This percentage of working population in this sector has subsequently declined i.e. in 1981 was 60.5 per cent and in 2001 this has fallen to 58.2 per cent and in 2011 this

population fell to 54.6 per cent. In India, male working population is more involved in the agriculture sector in comparison to female working population. Around 69.6 per cent and 57.3 percentage of male were involved in the cultivation as cultivator and agriculture labour which is more than the females.

In 2004-05, the percentage of share of agriculture in GDP was 16 and fell to 14.7 per cent in 2006-07. Further it fell to 12.4 per cent in 2010-11. The percentage of agriculture growth in India revealed that it is fluctuated i.e. in 2005-06 it was 5.5 per cent and in the next financial year it came down 4.1 per cent. This percentage fell to 0.3 per cent and 0.4 per cent in 2008-09 and 2009-10. But this percentage shows tremendous growth i.e. 9.5 per cent in 2010-11.

Production and yield of food grains increased from 108.4 million tonnes and 872 kg/hectare in 1970-71 to 252.22 million tonnes and 2056 kg/hectare in 2015-16. Area under cultivation throughout the years is almost similar to each other. India's imports and exports of agricultural commodities have shown an increasing trend year by year but in which the value of export was higher than the value of import. The percentage of export and import of agriculture to total export and import in 1990-91 was 18.4 and 2.4. But this percentage has grown in 2015-16 as 12.55 % in export and 5.63 % in import.

Realizing the importance of agriculture, since the 1960s, government has been providing support to farmers in the form of subsidies seed, fertilizer, and water, as well as through grain market support prices to shape by heavily invested in specific commodities. The Government of India should take the following important steps to save the agricultural sector and also the people dependent on agriculture:

- i) Credit should be created to farmer at the reasonable rates from which the financial requirement of farmer fulfilled easily at the time of cropping of crops.
- ii) Better and quality seeds should be provided by the government and provision of quality seeds should be included in the PDS.
- iii) Better irrigation facilities are a need especially in hill regions of India.
- iv) In India, majority of population depends on agriculture sector. This pressure leads to leads to sub division and fragmentation of land holdings. There is a need to reduce this pressure on this sector.
- v) There is a need to consolidate all the fragmented land into a good size land with the help of cooperative farming and consolidation of holding which gives profitable returns.
- vi) Agricultural marketing system should be improved that the cultivators can sell their products at reasonable prices and can also purchase their necessary inputs from government arranged input shops. There is also a need to improve the agriculture marketing especially in the hill regions of India.
- vii) Agricultural education should be provided to the farmer related to land management, agriculture and natural resources from which it helps the farmer as increased production, conservation of soil and other natural resources etc.

viii) Storage centers and Godowns centers should be established at district levels so that these centers improve marketing efficiency for various farm produce and influence the farming communities to maximize the production of various high value crops.

ix) Forecasting and early warning system should be build up to make them farmers oriented. It helps in appropriate training of farmers in operating agriculture practices to reduce losses in disasters and another climate- related risk.

2. Explain the causes of Regional disparities in Indian Agriculture.

Ans. Agriculture forms the backbone of the Indian economy. This sector provides employment to around 65% of the total work force in the country and it contributes a sizable share in Indian GDP which is very essential for economic development of the country. But India is characterized by wide regional variation in agro-climatic condition. Agricultural output in different region is varied due to varied agro-climatic factors, physical resource endowment and also varying level of investment in rural infrastructure and technological innovations. Moreover, the disproportionate distributions of public and private investment in favour of agriculturally developed states are found to be responsible for wide disparity in agricultural performances in India which, in turn, is considered to be responsible for wide disparity in the per capita net state domestic product across states in India. The regional variation in agricultural infrastructure and the use of agricultural inputs in India is quite high.

The regional agriculture disparity remained a serious problem in India. Reduction of regional imbalance is one of the key challenges of Agricultural Development in India. Indian agriculture has witnessed tremendous changes during the last 4 decades following the adoption of green revaluation technology during late 1960's; the green revaluation technology was initially adopted on a large scale in the region well endowed with irrigation. As this technology possessed vast potential for increase in productivity, it led to impressive growth in agriculture output in the region where it was adopted. Because the spread of green revaluation technology was highly skewed in favour of certain regions and states, this led to a high growth in agricultural output in selected regions while the other regions suffered from stagnancy or poor growth in agriculture output.

Many development and growth theories have proved that regional disparities and imbalances are inherent in the progress of development due to the existence of regional disparities in economic development in vast developing countries like India, is a common phenomenon. Regional disparities may vary from period to period , region to region and sector to sector. So many scholars' measure regional disparities in different countries, states, regions and sectors and argued that "Since agriculture is the main source of income of the rural population, imbalance in its growth in different regions has led to the imbalances in the income and levels of living". A number of studies have been conducted at the world

level, India level, and district level. It is an accepted fact that in even developed regions / states / districts there are backward pockets and that at no level there exist perfect equality. Therefore, it is true that perfect regional balancing of economic development is neither feasible nor economically desirable. There are very few studies analyzing disparities in the agricultural sector, which is based of Indian Economy. The pattern of development is very different, in different states, but after Globalization, Liberalization and Privatization in 1991 the inter-state disparities got reduced in general.

In general, the most important causes of regional disparities in agriculture in a country like, India are the following:

1. The Rural Poor Economy and Social Backwardness.
2. The Poor Quality of Agricultural Education and Literacy.
3. Urban Expansion and Loss of Agricultural Land.
4. Food Insecurity and Social Tension.
5. Lack of Agro –based Industry.
6. Density of Rural Population and Lack of Skilled Agricultural Workforce.
7. Non Average Size of Cultivators Holdings.
8. Inequality of Land Capability and Regional Imbalances.
9. Land Use/Land Cover Changing Dynamics and Their Percent Point Changes.
10. Effect of Government Policies and Market Forces.

In a vast country like, India we usually see the above mentioned characteristics related to agriculture and economic development and for these there arise a wide disparity in regional agricultural production and also in economic development. This kind of regional disparity in agricultural development would be less if all the stimulants of growth were distributed equally among all the regions, sectors, states, etc. The combined composite score of Indian states in agriculture development shows that Punjab, Harayana and Andhra Pradesh are three top position states in 1993-94 and Orissa, Rajasthan and Assam are the bottom position states. Orissa got only 1.77 combined composite score as compared to Punjab at first position having 165.50 combined composite score in 1993-94. The situation of top three states in 2003-04, has remained same but three bottom states were Assam, H.P. and Orissa. The position of Punjab decreased very significantly in relative terms. Rajasthan, Karnataka and Maharastra also show a decline in their combined composite score during the study period. West Bengal, Rajasthan and Orissa improved their combined composite score during the study period.
