

International Research Journal of Management and Commerce

ISSN: (2348-9766)

Impact Factor 5.564 Volume 7, Issue 2, February 2020

© Association of Academic Researchers and Faculties (AARF)

www.aarf.asia, Email : editor@aarf.asia, editoraarf@gmail.com

Indian Agriculture: Growth, Problem and Policy Measures

Prof. Dr. Rajendra A. Rasal

Associate professor and Head,

Department of Economics

CSM's Arts and Commerce College Chakan, Dist. Pune

India is mainly agricultural economy. Agriculture and its allied sectors still remain an important sector because of its continued role in employment, income and most importantly in national food security. Agriculture is the main and important occupation in the country as more than two third people depends on agriculture for their livelihood. The share of agriculture in total GDP of country is decreasing due to increase in contribution of industrial and service sector to GDP. In spite of this agriculture is playing important role in the country. Agriculture contributes to India's export through export of food and agricultural products. Despite of the achievements, agriculture sector in India is facing many problems. Due to the problems the agriculture sector in India not contributing adequately to development of the country. There is a need to frame the policies for the development of agriculture and welfare of the famers and agricultural labourers in country.

The main objective of this research paper is to review the policies needed for the development of Indian Agriculture. Accordingly the paper is divided into three parts. In the first part agriculture growth in India is given. The second part is devoted to problems of Indian agriculture. The third part deals with policy measures for growth of Indian agriculture.

I

Agriculture Growth in India

The present paper reviews the recent trend in growth of Indian agriculture. Since the inception of economic reforms, Indian economy has achieved a remarkable rate of growth. This remarkable performance, to a large extent, was driven by service sector and improvements in the secondary sector. However, this growth process bypassed the agricultural sector. In the post reform period, the growth was mainly driven by the exceptional growth in service sector. But the performance of agriculture in terms of its growth rates has been disappointing. The growth of agriculture started declining since the reforms. The growth of agriculture has come down from 3.62 in 1990-91 to 2.1 by 2017-18 and the share of agriculture in the gross domestic product has registered a steady decline from 36.4 per cent in 1982-83 to 17 per cent in 2018-19.

Agriculture and its allied sectors still remain an important sector because of its continued role in employment, income and most importantly in national food security. According to Government of India, Economic Survey 2019-20 the share of agriculture and allied sectors in

© Association of Academic Researchers and Faculties (AARF)

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.

Page | 369

Page | 369

Principal

**C.S.M's Arts & Commerce College
Chakan, Tal-Khed, Dist-Pune.**

Year	Growth of GVA of total economy	Growth of GVA of agriculture & allied sectors
2013-14	6.1	5.6
2014-15	7.2	-0.2
2015-16*	8.0	0.6
2016-17#	7.9	6.3
2017-18@	6.9	5.0
2018-19**	6.6	2.9
2019-20\$	4.9	2.8

Source: Government of India, Economic Survey 2019-20 table 2, P- 195.

Note: **As per the press note on Provisional Estimates of Annual National Income 2018-19 and Quarterly Estimates of GDP for Q4 of 2018-19 released by CSO on 31st May 2019.

@ As per the First Revised Estimates of National Income, Consumption Expenditure, Saving and Capital Formation for 2017-18 released on 31st January, 2019. # Second Revised Estimate. * Third Revised Estimate.

\$ First Advance Estimate 2019-20.

Table 2 shows that in 2013-14 the Gross Value Added of total economy was 6.1 percent and the Gross Value Added of agriculture and allied sectors was 5.6 per cent. GVA at constant (2011-12) prices for 2019-20 from 'Agriculture, Forestry and Fishing' sector is estimated to grow by 2.8 per cent as compared to growth of 2.9 per cent in 2018-19.

Gross Capital Formation (GCF) in Agriculture:

Gross Capital Formation (GCF) in Agriculture shows fluctuating trend during 2012-13 to 2017-18. It is given in Table 3.

Table 3: Gross Capital Formation (GCF) in Agriculture and Allied Sectors relative to Gross Value Added (GVA) at constant (2011-12) prices

Year	GCF of agriculture & allied sector (in Crore)	GVA of agriculture & allied sector (in Crore)	GCF of agriculture & allied sector as percentage of GVA (in percentage)
2012-13	2,51,094	15,24,288	16.5
2013-14	2,84,424	16,09,198	17.7
2014-15	2,72,663	16,05,715	17.0
2015-16*	2,37,648	16,16,146	14.7
2016-17#	2,67,836	17,17,467	15.6
2017-18@	2,73,755	18,03,039	15.2

Source: Government of India, Economic Survey 2019-20, Tab. 3, P.195

efficient farm equipments. Use of traditional farming Techniques resulted in low agricultural productivity in the country.

7. Inadequate Irrigation Facilities: Inadequate irrigation facilities in the country are one of important problem of Indian agriculture. Indian farmers mostly depends on rainfall which irregular and uneven. The total water potential in the country is more than adequate. But the problem is to discover cheap and easy methods of utilizing these huge supplies of water. Therefore, in the absence of assured and controlled water supply, the agricultural productivity in India is low.

8. Agricultural Indebtedness: Growing indebtedness is also the problem of Indian agriculture. The farmers are borrowing a heavy amount of loan regularly for meeting their requirements needed for production, consumption and also for meeting their social commitments. Thus the debt passes from generation to generation. Indian farmers fall into the debt trap as a result of crop failure, low income, low prices of crops, high rate of interest and unproductive use of loan. Thus the debt of farmers steadily increases and creates the problem of rural indebtedness in our country. Thus it is quite correct to observe that "Indian farmer is born in debt, lives in debt and dies in debt."

9. Fluctuation in the prices of agricultural products: Indian agriculture faces the problem of fluctuation in the prices of agricultural products. In India abandon crop results in fall in income of farmers as it leads to fall in prices. For the stability of the farmers income, the Government should frame and implement the policy of agricultural price support and provide incentives to increase production. Price stability is important for the farmers as well as consumers, exporters, agro-based industries.

10. Lack of sufficient credit and marketing facilities: Lack of sufficient credit and marketing facilities is also the problem of Indian agriculture. Due to this the farmers are not able to invest sufficient resources in agriculture. This is also one of the important cause of low productivity of agriculture in India. If the government can revive the credit cooperative societies and regional rural banks to grant more credit to the small farmers, the level of productivity can certainly increase.

III

Policy Measures for Growth of Indian Agriculture

During post-reform period and particularly since the mid 1990s agricultural growth in India declined. As the agricultural sector is one of the most important sectors in India there is a need of fast growth of this sector. Proper policy measures are needed for achieving growth rate of 4 per cent in agriculture and increase in incomes of farmers. These policy measures are given below.

1. Price Policy: The main objective of the Indian government's price policy is to protect both producers and consumers. Procurement prices or minimum support prices, buffer stocks and public distribution system (PDS) are the three instruments of food-security system and price policy of Government of India. The Commission for Agricultural Costs and Prices (CACP) recommends MSP taking into considerations Cost of production, Changes in input prices, Input-output price parity, Trends in market prices, Demand and supply etc. Among these factors, cost of production is the important factor in determining minimum support prices. In order to maintain food security and increase incomes of farmers, there is a need to provide remunerative prices to farmers.

Principal

C.S.M's Arts & Commerce College
Chakan, Tal-Khed, Dist-Pune.

2869

through the growth of agro-processing industry. Private sector participation in agricultural research, extension and marketing is becoming increasingly important.

8. Diversification by Maintaining Food Security: There is a growing demand for non-food grain items in India. The expenditure elasticity for non-cereal food items is still quite high in India. Per capita consumption of fruits and vegetables showed the highest, growth followed by edible oils. Diversification to high-value crops and allied activities is one of the important sources for raising agricultural growth. Since risk is high for diversification, necessary support in infrastructure and marketing is needed. Price policy should also encourage diversification.

9. Marketing: For small and marginal farmers, marketing of their products is the main problem apart from credit and extension. The small and marginal farmers have problems in getting inputs, credit, extension and marketing. The services provided by the contract farming companies would thus be useful for small-scale agriculture. In recent years, there has been some form of contract arrangements in several agricultural crops such as tomatoes, potatoes, chilies, gherkin, baby corn, rose, onions, cotton, wheat, basmati rice, groundnut, flowers, and medicinal plants. The contract farming arrangements have to be strengthened in order to help the small farmers.

10. Institutional Reforms and Sustainable Agriculture: Institutional reforms are important, particularly in the field of public systems for sustained technical progress and output growth in agriculture. There is a limited scope for privatizing irrigation, research and extension and other infrastructural facilities. All of these will continue to be mainly the responsibility of public sector. Unless the public sector's efficiency in mobilizing resources and managing these facilities is vastly improved, trade and price policy reforms will not make a significant difference to the pace of agricultural growth.


Conclusion:

Agriculture and its allied sectors still remain an important sector because of its continued role in employment, income and most importantly in national food security. The growth of agriculture has come down from 3.62 in 1990-91 to 2.1 by 2017-18 and the share of agriculture in the gross domestic product has registered a steady decline from 36.4 per cent in 1982-83 to 17 per cent in 2018-19. Recently there is a decline in Gross Value Added and Gross Capital Formation. Indian agriculture is facing many problems. To increase the growth rate of agriculture sector it necessary to solve the problems. Government should make necessary policy measures to increase agricultural production and income of farmers and rural development.

* * *

References:

1. Datt Gaurav and Mahajan Ashwani (2015) Datt and Sundharam Indian Economy, S. Chand and Co. Ltd. New Delhi.
2. Misra and Puri (2014) Indian Economy. Himalaya Publishing House, Mumbai.
3. India 2015, Publication Division, Ministry of Information and Broadcasting, Government of India, New Delhi.
4. Government of India, Economic Survey 2019-20.
5. OECD/ICRIER (2018), Agricultural Policies in India, OECD Food and Agricultural Reviews, OECD Publishing, Paris.


Principal
J.S.M's Arts & Commerce College
Chakan, Tal-Khed, Dist-Pune.