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AGRICULTURAL CRISIS IN INDIA

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Abstract :- Agriculture plays a crucial role in growth and development of a country's economy. Besides providing food to nation, agriculture releases labour, provides saving, contributes to market of industrial goods and earns foreign exchange. Agricultural development is an integral part of overall economic development of any country. India's foreign trade is deeply associated with agricultural sector. Agriculture accounts for about 14.7 % of the total export earnings.

The government's expenditure and investment in the agricultural sector have been drastically reduced. The expenditure of the government in rural development, including agriculture, irrigation, flood control, village industry, energy and transport, declined from an average of 14.5 per cent in 1986-1990 to 6.0 per cent in 1995-2000. The rate of capital formation in agriculture came down, and the agricultural growth rate was also reduced. This has affected the purchasing power of the rural people and subsequently their standard of living.

To improve the sector it is necessary to provide training facilities to the farmers about the use of modern techniques in their fields and to provide agricultural inputs at a cheaper rate as well as Low cost credit facilities are to be provided to the farmers. Raising public investment towards modernisation of surface irrigation works in order to facilitate higher yield per unit of water used and for watershed development is necessary to grow the sector.

Key Words:-agricultural Crisis, Irrigation, Investment, Modern Techniques

INTRODUCTION

Twenty-first century India has emerged as a major economic power in the world during 21st century in the industrial sector, with the growth rate of the gross domestic product reaching impressive levels and the poverty ratio coming down significantly. It is due to the implementation of new economic policy in the year1991. Based on this policy and the directives of the World Bank, International Monetary Fund and World Trade Organisation, the Indian economy has substantially overhauled. The export and import policies have been liberalised as for as concerned to this sector.. The customs duties of many products have drastically lowered. Thus there is much progress in the industrial activities. On the contrary government has started reducing its investment in agricultural sector which has seriously effected in the growth of the sector. Thus, there is a necessity to discuss the issues that are making Indian primary sector very weak.

METHODOLOGY

Secondary data has been used to explain the factswith reference to the topic.

Objective of the Study

To throw a light on various problems raised in the agricultural sector.

Over view of the Indian agricultural sector

Agriculture plays a crucial role in growth and development of a country's economy. Besides providing food to nation, agriculture releases labour, provides saving, contributes to market of industrial goods and earns foreign exchange. Agricultural development is an integral part of overall economic development of any country. Agriculture and allied activities contributes nearly 50 percent to India's national income. Around 72 percent of total working population is engaged in agriculture. Agriculture provides raw materials to various industries of national importance. For a number of years the three agricultural based industries like, cotton textile, jute and tea, accounted for more than 50 percent of export earnings of the country.

With the implementation of planning in India, the share of agriculture has persistently declined on account of the development of the secondary and tertiary sectors of the economy. From 55.3 percent in 1950-51, the share of Agriculture and allied activities in GDP at factor cost declined to 37.9 percent in 1980-81 and it was 14.6 percent in 2009-10. In 1951, 69.5 percent of the working population was engaged in agriculture. This percentage fell to 66.9 percent in 1991 and to 56.7 percent in 2001. In July-August, 2012 agriculture provided employment to 52.1 percent of the work force.

Table: Plan-Wise Trend of growth of Agriculture GDP in %

First Plan	2.4
Second Plan	2.2
Third Plan	1.6
Fourth Plan	3.6
Fifth Plan	5.7
Sixth Plan	3.1
Seventh Plan	1.3
Eighth Plan	4.7
Ninth Plan	2.4
Tenth Plan	2.3
Eleventh Plan	4.0

Source: Ministry of Agriculture, Govt. of India.

The above table shows the trend of total GDP and agriculture GDP in India during the various plan periods. In the first plan, total GDP was 3.6 percent and the agriculture GDP was 2.4 percent and it has increased to 6.7 percent and 4.7 percent respectively in eighth plan. During the tenth plan, total GDP has increased to 7.8 percent but the agricultural GDP has declined to 2.3 percent.

Production of Food grains in India

As far as food grains output is concerned, the total production increased from 50.8 million tonnes in 1950-51 to 187.0 million tonnes in the eighth plan and further to 202.9 million tonnes in the ninth plan. During April, 2011, the food grains production rose to the record production of 235.9 million tonnes in this year.

Food grain Production in India (in million tonnes)

1990-91	176.39
1991-92	168.38
1992-93	179.48
1993-94	184.26
1994-95	191.50
1995-96	180.42
1996-97	199.43
1997-98	193.12
1998-99	203.61
1999-2000	209.80
2000-01	196.81
2001-02	212.85
2002-03	174.78
2003-04	213.19
2004-05	198.36
2005-06	208.59
2006-07	217.28
2007-08	230.78
2008-09	234.47
2009-10	218.20
2010-11	235.09

Source: Reserve Bank of India

The above table explains the food grain production in India during the post reform periods. In the year 1990-91 the food grain production was 176.36 million tones and the year 1998-99 it was 203.61 million tones. It rose further to 208.59 million tonnes in 2005-06 and in the year 2010-11 it has increased to 235.9 million tonnes.

Agricultural exports in India

India's foreign trade is deeply associated with agricultural sector. Agriculture accounts for about 14.7 % of the total export earnings. The raw materials contribute about 20% in Indian exports. In total, agriculture contributes about 38% in total export of the country. During the year1990-91 agricultural export was Rs.6012.72 (18.49 percentage) crores and the export was increased to Rs.89522.59 (20.33 percentage) crores in the year1998. However, the percentage of agricultural export to total national exports is continuously declining from 1999- 2000 to 2009-10. It was 15.91 and 10.59 percent respectively.

In recent years there is continuous decline in the growth of agricultural sector and the reasons are,

Liberalisation policy

Liberalisation policy has adversely affected Indian agriculture. There is drastic decline in the growth rate of foodgrains. The growth rate of agricultural output has increased between 1950 and1990. But after the implementaton of liberalisation, the rate of growth started declining. As a result, per capita availability of foodgrains decreased; the growth rate of population is higher than that of foodgrains, and India started importing foodgrains at a much higher price than that in the domestic market. India, a signatory to GATT 1994, removed all quantitative restrictions on trade and converted to tariffs by April 2001, lowering the average tariff rate at the same time to 35 per cent, or well below the bound rates which were 100 per cent for crops and 150 per cent for agricultural processed products. This thrust for trade liberalisation could not have been worse timed, since advanced country markets were in recession and global primary product prices went into a steep tailspin with 40-50 per cent decline in unit dollar prices of all crops like cereals, cotton, jute, sugar, tea, coffee – and up to 80 per cent decline in some oil crops between 1995 and 2001. With a brief spike in 2002 most prices have continued to fall and some prices are today lower than as far back as 1986. The price of tea, coffee, pepper today is even lower than world price the state marketing boards have been run down and replaced by the monopoly of transnational companies.

Diversion of labour towards service sector

Secondly, with the development of the service sector and the establishment of MNC's there was diversion of labour from primary sector to secondary sector. Thus unemployment in the agricultural sector increased during the reform. As a result, the number of people who are employed in the primary sector and the area under cultivation decreased, which in turn caused a decline in rural employment. According to the National Sample Survey, the annual rate of growth of the employment in the rural areas was 2.07 per cent in 1987-1984, while it declined to a mere 0.66 per cent in 1993-2000.

Increase in the level of imports of agricultural products

The Government of India reduced the import duty on tea and coffee from Srilanka and Malaysia and therefore their prices in the domestic market reduced drastically. Thus cultivation of such products turned unprofitable and their production started declining. As per the direction of World Trade Organisations, there were removal of quantitative restrictions and lowering of import duties.

Farmer's suicide

The suicide of farmers is another cause for agrarian crisis. Agricultural yeilds were not up to the mark and were unable to cover their repayments. Thus, the lives of the farmers become very desperate. Many of them committed suicide as a last resort. As revealed by Sharad Pawar, the Union Agricultural Minister, in the Lok Sabha in 2004, over one lakh farmers committed suicide in India after the economic reform started. According to the National Crime Records Bureau, 17,060 farmers committed suicide in the country in 2006 with Maharashtra having the highest number of (4453) suicide deaths. Punjab is the latest in the list of States having farmers' suicide. This is a record in the agricultural history of India. More than five thousand indebted farmers, mainly cotton farmers, have committed suicide in Andhra Pradesh alone since 1998. Over a thousand farmer suicides have also taken place in Punjab. During the four years from 2001, over 1,250 suicides are recorded in the single district of Wynaad in Kerala.

Lack of easy and low cost loan to agriculture

After 1991 the lending pattern of commercial banks, including nationalised banks, to agriculture drastically changed. As a result loan was not easily available and the interest was not affordable. This has forced the farmers to rely on money lenders and thus pushed up the expenditure on agriculture. The National Commission for Agriculture, headed by Dr M.S. Swaminathan, also pointed out that removal of the lending facilities and concessions of banks during the post-reform period have accelerated the crisis in agriculture. When the farmers were not able to pay back loan with high interest, they fell into the debt trap. Studies show that most of the farmers' suicides were due to the debt trap. It is part of the policy of privatisation that banks, even nationalised banks, look for profit over their social responsibilities to the people.

Fall in the level of agricultural subsidies

In the post-reform period the government reduced different types of subsidies to agriculture, and this has increased the production cost of cultivation. According to Ramesh Chand, an economist, cutback in subsidy over the last few years has adversely affected the agricultural sector. It has increased the input cost and made agriculture less profitable. Since the decrease in subsidy to agriculture was again part of the regulations of the WTO.

Decline in government investment in the agricultural sector

Mass rejection of neo-liberal policies and the May 2004 electoral defeat of the NDA coalition at the Centre as well as the TDP government in Andhra Pradesh is another cause for agrarian crisis. UPA had promised to implement an Employment Guarantee Act which has been formulated, but which is not yet implemented. The government's expenditure and investment in the agricultural sector have been drastically reduced. The expenditure of the government in rural development, including agriculture, irrigation, flood control, village industry, energy and transport, declined from an average of 14.5 per cent in 1986-1990 to 6.0 per cent in 1995-2000. When the economic reforms started, the annual rate of growth of irrigated land was 2.62 per cent; later it got reduced to 0.5 per cent in the post-reform period. The consequences were many. The rate of capital formation in agriculture came down, and the agricultural growth rate was also reduced. This has affected the purchasing power of the rural people and subsequently their standard of living.

Restructuring of the Public Distribution System (PDS)

The government restructured the PDS by creating two groups as BPL (Below Poverty Line) and APL (Above Poverty Line) continuously increased the prices of foodgrains distributed through ration shops. As a result, even the poor people did not buy the subsidised foodgrains and it got accumulated in godowns to be spoiled or sold in the open market. As the in-take from PDS was less it has affected the food security of the poor, especially in the rural areas, and has indirectly affected the market and the farmers.

Special Economic Zones

As per the Special Economic Zones Act of 2005, the government has notified about 400 such zones in the country. Very often fertile land has been acquired. According to Khasanoki, a writer, the government has acquired five million hectares of land for purposes other than agriculture between 1991 and 2003. This is almost half of what was acquired during the last 40 years. Since the SEZ deprives the farmers of their land and livelihood.

Lack of co-ordination in research activities

The research activity continuously takes place in the agricultural uunivresities on agricultural problems and reforms. Unfortunately these research activities are not reaching to those farmers who actually work in the field .

Transport and marketing facilities

Lack of transport and marketing facilities are hampering for better yeilds to the farmers.at the same time they don't even have better storage facilities to store their productsfor better prices.

Capital deficiency

The government of India no doubt has provided low cost credit facilities to the farmers. But these facilities are not reaching to the small and poor farmers. Still today an Indian farmer is unabla to adopt modern techniques due to capital deficiency.

Suggestions

- To provide training facilities to the farmers about the use of modern techniques in their fields
- To provide agricultural inputs at a cheaper rate
- Low cost credit facilities must reach the actual farmer.
- Raising public investment towards modernisation of surface irrigation works in order to facilitate higher yield per unit of water used and for watershed development.
- Limiting government's role to laying down the principles and institutional framework and appointing independent organisation towards direct management of land, water, and common service facilities
- Enforcing better preventive and punitive measures to contain gross violations of rules governing access to and

use of resources.

- Conducting a critical review of the research system in public institutions to make it more effective
- Changing policies relating to pricing of yield and input to avoid waste

CONCLUSSION

As the sector still today is considered as backward it needs much improvement as for as concerned to modern techniques. At the same time there is a necessity of educated mass to be involved in the sector and huge investment is also a need of the hour.

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