

Impact on Agriculture and Poverty reduction in India

Gowtham Chakravarthy .C

Assistant Professor of Management Studies,
Bharath Institute of Science and Technology,
Selaiyur, Chennai, Tamil Nadu 600 073
Bharath Institute of Higher Education and Research

ABSTRACT

Agriculture has been a way of life and continues to be the single most important livelihood of the masses in India. The role of agriculture is essential not only to achieve self-reliance at national level but also for household food security and to bring about equity in distribution of income and wealth resulting in rapid reduction in poverty levels. In taking the annual food grain production from early fifties, it was 206 million tonnes at the turn of the century. The role of agriculture significantly contributed in achieving self-sufficiency in food and avoiding in food shortages and reduction of poverty in India. Poverty is a global phenomenon which may arise at any time in any part of the world. India's strategy for reducing poverty and hunger has always placed a great deal of importance on the agriculture sector. Therefore, this paper is focusing the role of agriculture in poverty alleviation in India.

KEY WORDS: Poverty, Agriculture, Food Security, Phenomenon, Strategy.

1. INTRODUCTION

Over 200 million Indian farmers and farm workers have been the backbone of India's agriculture. The fruits of economic growth have not benefited everyone uniformly. Some are left behind and some others are not touched by the benefits of growth of agriculture sector. Despite having achieved national food security, the well being of the farming community continues to be a matter of grave concern for planners and policy makers. The agrarian economy which ensures food and nutrition to India's population. India's strategy for reducing poverty has also always placed a great deal of importance on the agriculture sector, reflecting the fact that 70percent of the population live in rural areas, depend upon agriculture as their primary source of income.

FOOD SELF – SUFFICIENCY

In the 1960's, India was deficient in food grain production and imported wheat financed by PL 480 assistance from U.S.A. Indian policy focused in the period was to increase food grain production and ensuring food security. The objective was successfully achieved by the spread of Green Revolution in the 1970's, beginning with wheat and then expanded to rice. The achievement was counted as one of the major success stories in development. Considering that influential groups such as the Club of Rome, in the early 1970's had despaired of India being able to feed its growing population.

ROLE OF AGRICULTURE IN POVERTY ALLEVIATION

Poverty alleviation has been a pre-eminent goal of India's development effort since its Independence. In pursuing this objective, the country is planning process during the last six

decades has been a fertile ground for devising interventions, after successful but sometimes overlapping and in-conceived too.

Public measures directed at poverty alleviation have focused on creating adequate livelihood opportunities for the marginalized segment of the population, provisioning of public services and goods that have a direct bearing on an individual's living standard of life, strengthening of institutions and delivery mechanisms that empowers the poor, and targeted development at backward regions through resource transfers and supportive policy measures.

- In the 1980's, Indian policy makers shifted their tour from food self sufficiency to generating additional income in rural areas as a means of tackling the problem of poverty.
- Acceleration of agricultural growth, with a special focus on small farmers and extending the productivity revolution to non-irrigated areas was seen a critical part of the strategy for poverty alleviation.
- Growth of agricultural gross domestic product (GDP) accelerated to about 4.7 per cent in the 1980's, compared with only 1.4 % percent in the 1970's.
- Slower growth in agriculture also has direct implications for poverty reduction in rural areas.
- As a country grows and shifts from the low income to the middle income category, the nature of agriculture typically changes from subsistence-oriented farming to more commercialized and market farming.

The agricultural growth together with the beginning of economic reforms in the non-agricultural sector pushed up the growth rate of overall GDP to around 5.8 per cent in the period 1980 – 1981 to 1989-90 compared with about 3 percent in the 1970's. In the 19th century, a significant trend in Indian agriculture was the emergence of the commercialization of agriculture. So far, agriculture had been a way of life rather than a business enterprise. Now, agriculture has begun to be influenced by commercial consideration i.e., certain specialized crops began to be grown not for consumption in village, but for sale in the national and even international markets.

India's growth was disrupted at the start of the 1990's by a major balance of payments crisis which led to the adoption of an extensive process of structural reforms. In 1993-1994 to 1995-1996, average growth rate was 6.8 % in the three years. In the post reform period led policy makers to set a more ambitious GDP growth target of 8 percent a year for the Ninth Plan period (1997-1998 to 2001-2002) to be supported by a growth rate of 4 percent a year in agriculture.

The average growth rate achieved was 3.8 percent in the period during 1990 – 1991 to 1996 – 1997.

PERFORMANCE OF AGRICULTURAL GROWTH

Since the 1990's, agricultural performance has been disappointing. Growth of agriculture slowed to 2 percent a year in the Ninth Plan period. The overall economic growth was only 5.5 percent. Since agriculture amounted for about 25 percent of GDP. The shortfall of more than 2 percent points in agricultural GDP growth compared with the target amount directly for short fall of about half a percentage point in GDP growth. Agriculture growth is necessary not only for attaining high

overall growth but also for accelerating poverty reduction in a developing country like India. The agricultural growth rate during the various decades of the Independence.

The annual compound growth rate of agricultural sector as a whole have been quite ranging from 2 to 3 percent in after independence except during fifties, but declined to 1.7 percent per annum during sixties. It continuously accelerated touching 3.4 percent per annum during nineties. During 2000 – 2008, it maintained the growth of 3.4 percent per annum.

The growth of agricultural sector in all decades remained higher than the growth rate of population in the country. However, the non-agricultural sector has grown faster than the agriculture and divergence between agricultural economy as a whole increased consistently, particularly in 1980's. India's total GDP growth accelerated from 3.3 percent per annum in the eighties to 6 percent in the nineties when the Tenth Plan (2002-2003 to 2006-2007) was formulated, but it was assumed that the poor performance of agriculture was due to temporary factor such as poor monsoons and depressed agricultural commodity prices in world market. The tenth plan adopted the same target of 8 percent growth of GDP and 4 percent growth in agriculture. Slower growth in agriculture also has direct implications for poverty reduction in rural areas. The percentage of the population in poverty has declined significantly, slower growth in agriculture is also at the root of growing evidence of distress in the farming community. A large percentage of farmers want to leave farming because they find it is no longer sufficiently profitable. The uncertainty associated with farming has also increased and farmers lack of effective means of insuring against such risks because of greater vulnerability of falling ground water levels. There is evidence of increased indebtedness arising from the inability to risks.

Remedial action will be needed on several fronts including increased Public Investment in irrigation and rural roads, better management of existing irrigation system and of water resources in dry land areas. A strengthened agricultural research system and more effective extension, improvements in production, distribution of seeds and credit delivery system.

AGRICULTURAL DIVERSIFICATION

Commercialization of agriculture simply implies that the agricultural crops and goods and produced by the peasants for sale in the market and not for their own consumption. India's future agricultural strategy must also be oriented to the need for agricultural diversification. India's food grain production capacity has increased significantly over the years and consumption patterns are changing away from food grains towards higher value crops such as vegetables, fruits, milk, eggs, etc., future growth in agriculture must come from diversification into these non-food grain areas and this will pose a special challenge because marketing these perishable products is much more complicated than marketing food grains.

Horticulture development is currently constrained by poor marketing arrangements. The gap between prices received by the farmers and those paid by urban consumers is large, reflecting inefficient marketing arrangements. Horticultural produce is typically collected from farmers by market agents who sell it in organized markets established under the agricultural production marketing acts. Unfortunately these markets are controlled by few traders and operate a highly non-transparent basis. Facilities for grading and handling are poor and methods of price in the markets are non-transparent. It is necessary to amend outdated laws restricting the establishment of

markets to allow co-operatives and private enterprises to set up modern markets with grading facilities, cold storages, and transparent auction procedures. Contract farming is other innovation

that has been introduced in many states and could accelerate diversification. India's loss on agricultural land does not allow corporate bodies to purchase land and operate large scale farms – a national policy to prevent displacement of a large number of farmers. The development of agro-processing will be spur agriculture diversification and the Government is paying special attention to agriculture. At present, the proportion of India's agricultural output process is small compared with that in most developing countries and the demand for all processed food is bound to increase as income increases. There are several obstacles to the more rapid development of food processing. Taxation structures often discriminate against food processing because processed food is the first stage for application of indirect taxes and the absence of tax on taxes paid on inputs means the effective tax on value added is very high. An integrated food processing law has been introduced in Parliament to replace the passage expected in the current year will make the qualitative difference to the operating country.

IRRIGATION

Availability of water is the most critical for increasing the productivity in agriculture. In India, around 78 % percent of water goes to the agriculture sector, remaining part shared out between drinking, industry and other usage. Therefore, it is required that water storage facilities to be increased in the country to 450 million cubic metres by 2050. 60 percent of the cultivated area in the country is without irrigation so that the demand management strategies and programs have been introduced to save water and increase the existing water use efficiently in Indian agriculture. Water is critical constraint on raising agricultural productivity and much of the success of the green revolution came from improved productivity in areas of assured irrigation provided through canals through ground water utilization. Effective maintenance of the existing system of canal irrigation also suffer because the irrigation department of the States lack of utilizing resources. This in turn because water charges are kept too low, covering only 20-25% of the operations and maintenance cost most of the states. The solution of rationalization of water rates to ensure adequate financial resources to cover maintenance and resort to participatory irrigation management to give farmers as take in the operation and maintenance of the system Maharashtra has recently established a Water Regulatory Authority to set water charges in a non-political manner. Several states are also experimenting with involving water user associations (WUAs) in the operation of the canal systems. Ideally, the WUAs should be empowered to collect water charges and to retain a portion of the collection to maintain the portion of the distribution network operating in their areas. Ground water utilization played a major role in expanding irrigation in the 1980's but uncontrolled exploitation of groundwater has led to serious depletion of water. Overexploitation is encouraged by the policy of massive under pricing of electricity for agricultural use with a few states having electricity for farmers completely free. Even here it is not free, the charge for electricity is a fraction of the average cost, and is not based on metered use instead there is a fixed charge for presumed usage, based on the capacity of the pump, an arrangement which implies that the marginal cost of electricity for pumping ground water is zero.

WATER MANAGEMENT IN RAIN AREAS

About 60 percent of India's cultivable area will remain dependent on dry land farming even after all irrigation potential is fully exploited productivity growth in these areas is obviously critical for rural income growth and poverty alleviation, and it depends critically upon better moisture conservation and the development of varieties suited to dealing with moisture stress.

Schemes for water retention, moisture conservation and groundwater recharge have been implemented for many years in India but with mixed results. Greater use of technology inputs can help a great deal satellite mapping by the Indian Space Research Organization (ISRO) has been particularly helpful in planning watershed management schemes to achieve optimal results. It is also important to adopt a holistic approach. For example, if deforestation problems upstream are not tackled, water retention structures downstream will quickly silt up. Community participation is critical to impart ownership and ensure an acceptable distributional outcome. In the past, these multiple factors were not effectively integrated into watershed development schemes. Now a National Rain fed Area Authority has been proposed to help and co-ordinate the work of different implementing agencies.

OTHER INPUTS

Increasing agricultural productivity also depends on the efficient delivery of several other inputs. The quality of seeds and planting material needs to be greatly improved, and these calls for strengthening the research effort to make it more effective. The agricultural research system for producing and marketing certified seeds of existing varieties at reasonable prices also needs to be improved. Seed replacement rates in most parts of the country are only one third to one half of what they should be situation which reflects partly a lack of knowledge of the importance of seed replacement and partly also a lack of availability of reliable seeds.

The structure of fertilizer subsidies should be rationalized to avoid excessive and waste use of nitrogen fertilizers. Lack of knowledge of micro-nutrient deficiency in the soil is also a serious problem. There is a need for much more extensive soil testing to encourage balanced application of nutrients needs. Underlying these problems is the deterioration of the extension services, which makes it difficult to disseminate best farming practices. Strengthening the extension system therefore needs special attention.

The Government has also identified credit to farmers as a critical area for corrective action. The public sector commercial banks are being pushed to provide credit to agriculture and the co-operative credit system which has meant to be the backbone of agricultural credit, has become weak. Part of the problem has been the politicization of co-operative institutions as a consequence of interference by state Government.

TARGETED ANTI-POVERTY PROGRAMMES

The efforts to increase agricultural productivity and thereby increase farm incomes and employment are a major instrument for poverty alleviation, they will need to be supplemented by special targeted program aimed at improving the welfare of vulnerable groups in rural areas.

The existing programmes for the poor in India is classified into the following categories:-

- Self-Employment Programme
- Wage Employment Programme
- Social Security Programme
- Public Distribution System & Nutrition Programme

Employment programmes in rural areas have been the most important of these anti-poverty programmes and India has a long history of such programs. Building on this tradition, a Rural Employment Guarantee Act has been enacted which provides assurance of up to 100 days of employment at the minimum wage to each household in rural areas wishing to make use of it. The employment would be provided on projects chosen by the elected village councils and the guidelines specify that top priority should be given to irrigation and water management schemes. Unlike earlier employment programmes, this scheme includes a guarantee in the sense that if employment cannot be provided, unemployment compensation will be provided at least 25 percent of the wage. Although the programme is open to each household, actual demand for employment is expected to be limited to households below the poverty line. The coverage of the Act will initially be implemented to 200 of the most backward districts (about one-third of the total districts in the country). Together with other special programmes relating to provision of housing for the poor, old age insurance, and schemes for supporting self-employment, this programme will provide an element of social security that should help to reduce poverty.

THE ROLE OF PUBLIC INVESTMENT

Another important implication of the new agricultural strategy is that it involves a substantial increase in public investment. Public investment in agriculture began to decline in the 1980's. Since the mid 1990's private investment in agriculture has stagnated. The public investment has continued to decline. It is essential to reverse these trends, especially for public investment in rural roads and resource management. It is also essential to increase public investment in rural roads and rural electrification. Success in these areas will stimulate private investment and contribute to revival of growth momentum in agriculture.

NEED OF THE HOUR

Remedial action will be needed on several fronts including better irrigation systems and of water resources in dry land areas. Strengthened agricultural research system and more effective extension, improvements in the production and distribution of certified seeds. Improvements in the credit delivery system, and innovative steps in marketing and contract farming to support the diversification of Indian agriculture. If there is more investment in agriculture, the more growth will follow and the poverty will be reduced. There is a need for pro-active and concentrated rural and agricultural development strategy in backward regions. There is a need for considerable reforms and strengthening of local institutions which can be initiated and undertaken only by the State Governments. Ensuring sustainability and economic viability of smallholders and improving their competitiveness in production and marketing by facilitating better access to improved technology, inputs, credit and markets. Emphasizing the productivity enhancing interventions and even subsidies should be geared towards promoting use of technologies that increase productivity. Shifting of agricultural processing into existing rural areas should be part of such changes.

2. CONCLUSION

Strengthening of extension services, rural infrastructure and skill formation will not only raise productivity and living standards but also curb rural-urban migration. Creating more remunerative opportunities in rural areas will deserve greater emphasis.

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