

**TITLE OF THE PAPER: A STUDY ON INDIAN AGRICULTURE AND THE CRISIS IN
AGRICULTURAL SECTOR**

AUTHOR: Ms. SHRUTI NAIR
DESIGNATION: ASSISTANT PROFESSOR
INSTITUTION: ETHIRAJ COLLEGE FOR WOMEN,
ETHIRAJ SALAI,
CHENNAI-600 008

CONTACT DETAILS:

ADDRESS: OLD 44/2, NEW 58,
LANDONS ROAD,
KILPAUK,
CHENNAI-600 010

MOBILE NO. 9445680212

E-MAIL ID: eshruti224@gmail.com

A STUDY ON INDIAN AGRICULTURE AND THE CRISIS IN AGRICULTURAL SECTOR

Ms. Shruti Nair, Assistant Professor, Department of Economics, Ethiraj College for Women

ABSTRACT

The agricultural sector plays a vital role in the development and growth of the Indian economy. An overall economic development can be achieved only when there is a continual growth in agriculture, thus ensuring a higher contribution to the country's Gross Domestic Product. A structural change in Indian agriculture leads to a crisis in the economy. The gradual decline in the rate of growth of agricultural output and the fall in the yield of various crop categories has in turn led to a reduced contribution to the GDP which has further aggravated the agricultural crisis. Therefore, the income derived from agricultural activities is much lesser than the expenditure of the farmers, thus making it essential to make agriculture a more profitable sector. This paper focusses on the current scenario of agriculture in India. The study deals with the agricultural crisis prevailing in the economy and aims to analyze the major causes leading to the crisis. The crisis in the agricultural sector are caused by several factors such as a greater dependence on climate and rainfall, lower price for agricultural products, less subsidies, liberalization of trade, lower credit availability and dependence on money-lenders. The study provides several recommendations and suggestions to improve the present state of agriculture in the economy. The paper reinforces that the development of the economy can be ensured only when there is an increased and continuous growth in the agricultural sector.

Keywords: Agriculture, Gross Domestic Product, Crisis, Economy, Development

INTRODUCTION

Agriculture plays a major role in the growth and development of an economy. The agricultural sector provides food to the population, increases demand for industrial goods, provides additional foreign exchange earnings, increases income and employment and improves the welfare of the population. In India, majority of the population is dependent on agriculture. The social groups that are dependent on agriculture include landowners, tenant farmers and

agricultural labourers. Agriculture requires a huge labour force and the majority of the population in the country is dependent on agricultural income. The fall in the rate of agricultural production lead to a lower demand due to lower real wages, in both agricultural and non-agricultural goods. The agricultural crisis further intensified due to a lower availability of subsidies and the decline in the prices of agricultural products.

OBJECTIVES

1. To analyze the current scenario of Indian agriculture
2. To identify the causes of agricultural crisis in India
3. To recommend strategies for improving the status of agriculture in the economy

REVIEW OF LITERATURE

Himani (2014) makes an analysis on the current status of agriculture in the economy. The paper proves that in order to ensure a higher contribution of agriculture to the Gross Domestic Product, there is a need to make greater investment in human capital and physical infrastructure of the country.

Roy De Shantanu (2017) shows the impact of economic reforms on the terms of trade of agriculture. The article proves that the terms of trade was not favourable to agricultural sector during the reform period. The agricultural sector is characterized by a reduction in capital formation, lower irrigation expenditure and non-availability of cheap credit facilities. The study showed how these factors led to a decline in agricultural productivity and had a negative impact on the livelihood of farmers in India.

THE INDIAN SCENARIO

The Indian population largely depends on the agricultural sector. Agriculture not only provides a source of income and livelihood to the farmers, but also promotes food security for the country. However, the contribution made by the agricultural sector to the country's Gross Domestic Product and National Income has been declining over the past few years. This occurs due to the agricultural crisis prevailing in the Indian economy.

India is the second largest producer of rice, wheat, vegetables, fruits, and also the largest exporter of the spices. The Green Revolution made several contributions to the agricultural sector by introducing the High-Yielding Varieties (HYVs) of seeds and improved techniques in agriculture, such as the increased usage of fertilizers and pesticides and better irrigation methods. However, unfavourable climatic conditions and a significant fall in international prices affected the agricultural sector adversely. The reduction in agricultural expenditure and reduced spending on schemes related to agriculture by government further aggravated the crisis in the sector.

TABLE 1: SHARE OF VARIOUS SECTORS IN INDIA'S GVA AT CURRENT PRICES(IN PERCENTAGE)

SECTOR	2015-16	2016-17	2017-18
Agriculture, forestry and fishing	17.7%	17.9%	17.1%
Industry	29.8%	29.3%	29.1%
(Of which Manufacturing)	16.8%	16.8%	16.7%
Services	52.5%	52.8%	53.9%

Source: Central Statistics Office, 2018.

Table 1 shows that the backbone of the Indian economy is the service sector which is the major contributor to the country's GDP (53.9%), followed by industrial sector. It can be seen that the contribution to the GDP from agriculture and allied sector has been declining over the years and constitutes only 17.1 per cent of India's GDP.

TABLE 2: AGRICULTURAL CONTRIBUTION TO INDIA'S GDP (IN PERCENTAGE)

YEAR	CONTRIBUTION TO GDP
2009-10	14.6%
2010-11	14.4%
2011-12	14.0%
2012-13	13.7%

Source: Ministry of Agriculture, 2013.

Table 2 shows that the contribution of agricultural sector to the country's Gross Domestic Product has been declining over the years from 14.6 per cent in 2009-10 to 13.7 per cent in 2012-13.

TABLE 3: AGRICULTURAL PRODUCTION 2018-19 (IN MILLION TONNES)

CROPS	2 ND ADVANCE ESTIMATE (2017-18)	2 ND ADVANCE ESTIMATE (2018-19)
Rice	111.01	115.60
Wheat	97.11	99.12
Pulses	23.95	24.02
Maize	27.14	27.80
Coarse Cereals	45.42	42.64
Oilseeds	29.89	31.50
Sugarcane	353.2	380.80
Cotton	33.92	30.09
Total food grains	277.49	281.37

Source: The Hindu BusinessLine, February 28, 2019, New Delhi.

Table 3 shows that the crops that achieved maximum yield are sugarcane, rice and wheat. It can be seen that even though the agricultural production has increased in 2018-19 as compared to the previous year, the rate of increase is lower.

CAUSES OF AGRICULTURAL CRISIS

The agricultural sector has been facing a crisis as agriculture is not an economic activity that is profitable when compared to other sectors. The various factors that led to the agricultural crisis are:

1. Dependence of agriculture on climate and rainfall:

A majority of agriculture is dependent on the monsoon and rainfall as the farmers are not well-equipped with the modern farming techniques and methods of irrigation. Low rainfall can thus result in crop failure and reduce agricultural production and output.

2. Liberalization of imports:

The removal of trade barriers and restrictions on import of agricultural products, such as cash crops led to a reduction in the price for agricultural products leading to lower income and demand.

3. Lower agricultural subsidies:

The government reduced different kinds of agricultural subsidies in the post-reform period of India. Low subsidies and fertilizers have led to increase in cost of agricultural inputs, which has reduced the profitability of the sector.

4. Non-availability of agricultural credit:

The lending pattern of nationalized banks were unfavourable to the farmers, as the loans were not available easily and the interest rates were not affordable. This led to a greater dependence of farmers on moneylenders who provided loans to farmers at high rates of interest, thus leading to indebtedness among farmers.

5. Lower investment in agricultural sector:

A lower share of expenditure of the government in agricultural sector led to a low rate of capital formation in agricultural sector thus leading to a decline in the rate of growth of agricultural production.

RECOMMENDATIONS AND SUGGESTIONS

The following are the suggestions made in order to reduce agricultural crisis and to improve the present agricultural scenario in India:

1. A continual growth in agriculture and increase in the income of farmers can be ensured with the help of development initiatives that can be adopted by the government such as better

infrastructural facilities, technological advances and economic policies to increase income of farmers.

2. Increasing agricultural productivity with greater usage of modern farming techniques and irrigation.
3. The establishment of a more stable and competitive market for agricultural goods can ensure fair prices for the agricultural produce, thus increasing profitability in agricultural sector.

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