Some salient facts about Agricultural scenario

- Agriculture is the largest provider of livelihood in rural India
- It contributes 25 percent to India’s GDP
- It is still dependent primarily on the monsoons
- The growth in agricultural production has been stagnant for the past several years.
- The drought in north and western parts in FY09 created shortages in supply of food grains.
### Contribution to GDP over the years

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>38.1</td>
<td>31.1</td>
<td>24.7</td>
<td>22.2</td>
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<tr>
<td>Industry</td>
<td>25.9</td>
<td>29.3</td>
<td>26.4</td>
<td>26.8</td>
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<tr>
<td>Service</td>
<td>36</td>
<td>39.7</td>
<td>48.8</td>
<td>51.0</td>
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</tbody>
</table>

Agricultural achievements

- India ranks second highest worldwide in farm output.
- India is the largest producer of tea, mangoes, sugarcane, banana, turmeric, milk, coconut, pulses, ginger, cashew nuts, & black pepper.
- India is the second highest producer of wheat, rice, sugar, vegetables, fruits and groundnut and cotton.
- India accounts for 10 percent of the world’s fruit production.
Factors affecting agriculture

- Small and fragmented landholdings
- Dependence on the monsoon
- Lack of international competitiveness of its produce
- Inadequate availability of electricity, fertilizers, irrigation and pesticides
- Poor access of the farmers to good roads, market infrastructure, refrigerated transportation of goods
- Conversion of agricultural land for residential and other land use purposes.
**Agricultural exports share**

<table>
<thead>
<tr>
<th>Year</th>
<th>Agricultural and allied products’ share in total exports</th>
</tr>
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<tbody>
<tr>
<td>2003-04</td>
<td>12.4</td>
</tr>
<tr>
<td>2004-05</td>
<td>10.5</td>
</tr>
<tr>
<td>2005-06</td>
<td>10.2</td>
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</tbody>
</table>
India’s Dichotomy

- There are two Indias that exist within our country-India and Bharat
- India is what drives the country’s high economic growth while Bharat is where most of the country lives
- Both have changed dramatically since independence but the pace of growth has not been uniform
Transformation of Rural India

- Innovative farming techniques has brought prosperity in some areas
- On the other hand, some regions are reporting farmer’ suicides
- Poverty still exists but changes are visible that are transforming rural lifestyles
- Technology has pervaded the rural areas in form of internet connectivity and mobile phones
- Easy access to finance
- Increasing prices of the rural land
- Social welfare schemes to increase employment opportunities in rural areas which empowers them
The farmer’s Plight

The farmer is trapped in a vicious cycle of
Low risk taking ability $\rightarrow$ Low investment $\rightarrow$ Low productivity $\rightarrow$ Weak market orientation $\rightarrow$
Low value addition $\rightarrow$ Low margin $\rightarrow$ Low risk taking ability

This situation makes the farmer and the Indian agri business globally uncompetitive despite abundant natural resources
The rural classification

- **Very poorest** – constrained into single activity. Lack labour and often unable to migrate
- **Insecure poor** – diversify to supplement income. Marginal land, migrant farm and non-farm labour
- **Secure poor** – diversify to mitigate risk. Irrigated land, household member in non-farm employment
- **Rich** – diversify to further increase income. Irrigated land, capital and education, trading and salaried employment
- **Very richest** – specialise in commercial agriculture. Large land, machinery and specialise in commercial crops and dairy.
Need for Income generating activities

- Leads to diversification of rural income
- Agriculture in India is still largely dependent on the monsoon which is sometimes erratic and can lead to floods or drought so an alternative source of income is needed for poverty alleviation
- Rural India suffers from disguised employment
- Alternatives of income generation at the rural level would desist them from migrating to urban areas
- It would empower the rural men and women as it would upgrade their skills as well as reduce dependence on the farm sector
- Involvement in non farm activities also fosters greater community involvement when self help groups (SHG) are formed
The Govt. Programmes for Income Generation

- IRDP - Income generating assets were provided through subsidy and credit
- TRYSEM - Rural youth from BPL families were provided training for income generating activities
- DWCRA - Women groups were provided funds, subsidy and credit for development activities to achieve self reliance
- The above three schemes were merged in 1999 to form Swarna Jayanti Gram swrajgar Yojana (SGSY). The programme lays emphasis on organization of poor into Self Help Groups (SHGs) and their capacity building. It is a credit cum subsidy programme
SGRY Scheme

- Sampoorna Grameen Rozgar Yojana (SGRY) - Creation of sustained employment opportunities for securing a minimum level of employment and income for the rural poor through creation of durable community social and economic assets. The erstwhile wage employment programmes JGSY and EAS were merged and a new scheme namely SGRY was launched from 15th August 2001.
NREGA

- It is an Act to provide for the enhancement of livelihood security of the households in rural areas of the country and ensures that at least one hundred days of guaranteed employment in every financial year, would be provided to every household, whose adult members volunteer to do unskilled work.

- The workers are not to be paid less than the minimum wage as fixed by the Central or State Government and the disbursement of wages would be made on a weekly basis and not later than a fortnight after the work is done.

- It has also led to infrastructure development which has changed lives for the better with improved roads, power reform, water harvesting. The NREGA money has also provided a fillip to the retail boom of consumer durables and non durables.
The ASSOCHAM STUDY

- The rural per capita income is expected to increase from Rs 7,335 in 1981 to Rs 15,396 at a compounded annual growth rate of 2.5 percent.
- The rural income is expected to increase from 8,00,000 crore in 2001 to Rs 13,00,000 crore in 2011, an increase of 62 % in a decade.
Marketing of Agricultural Produce

- Production, processing and marketing are three imp. aspects of agricultural economy
- Market is regulated or unregulated.
- Unregulated is in the hands of middlemen who charge high commission, no open auction, no proper weighing, plenty of deductions, no prompt payment
- Regulated markets are few
- Cooperatives are increasingly marketing agricultural produce and also help for exports
Entrepreneurship in rural areas

- Farmer in Telangana is selling drip irrigation systems and micro irrigation techniques to nearby farmers.
- Farmers in Telangana are growing red jowar bajra which are sold to the seed companies and have a buy back guarantee from them. 25,000 farmers are providing employment to 25,000 families. Seed processing plants have also come up in the area.
- A farmer in Barabanki started growing mint along with his other crops and the menthe oil has been a money spinner. Menthe oil units have also come up in the area.
- Gosaiganj farmers are doing bee keeping and have made Lucknow the top producer of honey in the state.
- Agri tourism.
More success stories

- A Madurai farmer changed from growing traditional crop to grapes and now is exporting.
- A Bangalore farmer is a social entrepreneur and has ensured computerization of the land records to reduce land disputes.
- Farmers are growing three crops a year with drip irrigation. Some have also diversified to horticulture.
- Young women in Thiruvanthapuram district are making cloth bags, office files (environment friendly), pen and pencils.
- Jacquard looms.
- Installed to produce handloom products.
- Cold storages established to keep the produce fresh.
- A cooperative in Mehsana installed a bulk milk cooler plant to prevent wastage.
Role of Government in stabilising prices

- The Govt announces the Minimum Support Prices (MSP) for agri commodities that helps to control the prices. It procures the commodities as buffer stock which is stocked in Govt’s granaries.
- The Govt supplies agri commodities to the poorer sections of the society at controlled rates through the public distribution system.
- Public warehouses have been established for storing and distributing agricultural produce and farm supplies.
- The Govt regularly conducts raids on hoarders to check black marketing.
Role of Govt. (cont.)

- The Govt. has adopted several measures to improve agricultural marketing (regulated markets, constructing warehouses, grading and standardizing produce, standardizing weights and measures, and providing information on agricultural prices over radio).

- The Govt. bans the export of commodities that are in short supply in the country (Ex: lentils in 2006 due to a bad crop). It also raises or reduces import duties on agri products depending upon the demand and supply position in the country.
Role of Cooperatives in stabilizing prices

- The co-operative marketing societies link credit, farming, marketing and processing to the best advantage of the farmers.
- It has its own storage and warehousing facilities.
- It eliminate many of the middleman and their profit margins.
- The co-operative marketing society also undertakes supply of inputs such as seeds, fertilizers, implements, etc required by the farmers.
- Co-operative marketing is the best method to reorganize rural marketing and to promote planned growth of our rural areas.
• The National Co-operative Development Corporation (NCDC) was established in 1963 under the Act of Parliament, with the object of planning and promoting programmes for the production, processing, storage and marketing of agricultural produce and notified commodities through co-operative societies. The Corporation has initiated number of new schemes for which assistance is provided to the State Governments

• NAFED has been established at the state level
Objectives are-

- Minimize product losses
- Add maximum value
- Achieve high quality standards
- Fair price to the producer
FOOD PROCESSING

- The food processing sector is growing but still falls short of requirement. India’s share in processing of fruits and vegetables is only one percent.
- The growth in food processing was 6.5% in 2003-04 and increased to only 13.5% in 2006-07 despite the potential and the requirement for agro processing to be higher.
- The national policy on food processing aims at increasing the level of food processing to 10% by 2010 and 25% by 2025.
Agri Processing in stabilizing prices

- The cold chain established in agri processing preserves perishables and allows the products be available when fresh produce not available.
- The needs of the different regions can be catered to with processed food. It can also make food be distributed from areas of surplus to area of scarcity.
- The total output produced can be consumed so food security can be achieved.
Traditional Agriculture

- Considered ‘backward’ by the proponents of modern agriculture
- Dr John Voelcker, studied Indian agriculture practices and found them scientific
- It uses the irrigation system through wells
- Scientific rotation system is adopted (slow and quick growing crops, deep rooted and shallow plants, may co-exist)
- The ploughing and tilling retains the moisture of soil
- Mixing of soil with clay is done to grow other crops
- Weeding done by hand
- Traditional farms are small and farmers depend upon their own labor
- Environment friendly
Types of Agricultural farming

1. Shifting cultivation-The plot of land is cultivated temporarily and abandoned when it loses fertility.
2. Subsistence farming-The farmer grows only to feed his own family.
3. Intensive farming-Characterized by high input of capital, labour, fertilizers and pesticides relative to the land area. Increases crop production but also damages the environment.
4. Extensive farming- Low input of materials and labour to preserve the ecological balance so that the land can be farmed indefinitely.
5. Commercial agriculture - Farming intended for sale & done on a large scale with mechanised equipment.


7. Monoculture - Agricultural practice of growing one crop over a large area. The processes can be standardized for greater efficiency. Result in surplus production of crop and depressed prices.

8. Crop rotation - Practice of growing dissimilar crops to improve soil structure and fertility by alternatively growing deep rooted and shallow rooted plants.
Modern Farming

- Reduces soil fertility
- Artificial fertilizers used
- Deep ploughing by tractors results in soil erosion and loss of porosity
- Extensive use of pesticides
- Less biodiversity as farms are monoculture, growing the same crop and crop variety
- Exotic and hybrid varieties are grown and indigenous plant existence is threatened
- The food is contaminated with the chemicals used to produce it
Modern Farming (contd.)

- The supply and trading in agricultural inputs and produce is in the hands of large players which threatens the food security and reduces the leverage and importance of the farmer and the consumer.
- The habitat of the wild plants and wild animals is being destroyed.
Organic Cultivation is a type of farming that does not involve usage of chemicals like chemical fertilizers and pesticides.

Major shift has been observed in the farming culture, due to which several farmers have begun practicing this traditional method of cultivation.

Organic cultivation is proven as the means to produce safe foodstuffs and preserve the environment.
ORGANIC FARMING (contd,)

- It uses organic fertilizers, which are carbon based, and increase the productivity of plants
- The farms retain their fertility
- Organic fertilizers are bio-degradable so do not cause environment pollution
- Nutrients are added after soil testing
- Organic seeds are used
- Organic fungicides, pesticides used
- Organic herbicides and mulching used to control the weeds
BENEFITS OF ORGANIC FARMING

- Premium quality and premium prices
- Low investment as inputs not costly
- Less dependence on money lenders
- Synergy with other life forms like plants and animals
- The demand for organic food is very high throughout the world
- India has huge potential for organic farming
Dr. M.S. Swaminathan says

`Agriculture policy making is largely in the hands of general administrators, many of whom have little knowledge of farming and farmers. This is a self inflicted injury which is hampering progress’
Budget (2010) expectation

- The focus is likely to be on agriculture as Govt. is concerned about the stagnation in agricultural output.
- The stimulus package given to the industry may be partially withdrawn and the resources may be deployed for the growth of agriculture.
- The Govt. may increase the MSP of food grains, pulses and sugarcane.
- The FM had allocated Rs 14,167 cr for agriculture in the July 2009 budget of which Rs 11,307 was for agricultural schemes. Rs 439 cr was allocated for irrigation. It is expected that there would be an increased budgetary allocation in these areas.
And in Conclusion

- Change is happening in rural India but it has still a long way to go.
- Agriculture has benefited from improved farming techniques but the growth is not equitable.
- Land use is changing in rural areas as farmers are getting good value for their holdings. The effort should be to stop the migration to urban areas.
- The Govt, the planners have to step up efforts to make a positive and equitable difference in the lives of the farmers’ and make agriculture occupy a pride of place in the nation’s economy.