



Role of agriculture in poverty reduction in India

KEYWORDS

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ABSTRACT *The linkage between agricultural growth and rural poverty can be gauged from the fact that majority of population of India live in rural areas. Among rural households, 34 per cent are self-employed in agriculture and 25 per cent are agricultural labour households. The poorest households typically rely more on agriculture for farming or employment, because the poor have few assets and no skills other than manual labour to sell, they generally face many obstacles in connecting with non-agricultural economy for jobs, whereas agricultural growth can provide them jobs where they live. Studies showed that agricultural productivity gains have raised rural incomes in two ways: by directly increasing farmers' incomes and, of particular importance to the poorest, by increasing employment opportunities and wages. It can; benefit poor farmers directly by increasing their production; benefit small farmers and landless labourers through greater employment; lead to lower food prices for all consumers benefit the rural and urban poor through growth in the rural and urban non-farm economy.*

Introduction

The agricultural sector can uproot the poverty; no country has been able to sustain a rapid transition without raising productivity in its agricultural sector. Agricultural growth offers a multiplicity of pathways to uproot poverty. India has made impressive strides on the agricultural front. Despite the impressive growth and development, India is still home to the largest number of poor people of the world. Agriculture has been a way of life and continues to be the single most important livelihood of the masses. Achieving minimum agricultural growth is a pre-requisite for inclusive growth, reduction of poverty levels, development of the rural economy and enhancing of agricultural incomes. With about 250 million below the poverty line, India accounts for about one-fifth of the world's poor. Child malnutrition extracts its highest toll in this country. About 25% children suffer from serious malnutrition. More than 50 percent of the pre-school children and pregnant women are anemic. The depth of hunger among the undernourished is also high. The good news in India is that it has excellent agricultural resources that are potentially highly responsive to modern technological advance. The bad news is that agricultural growth has been slow in the past decade or so.

OBJECTIVES

1. To find out that has India's higher growth rate delivered a higher pace of poverty reduction.
2. To find out the Linkages amongst agricultural productivity, socio-economic factors and poverty at farm level.
3. To ascertain that can agriculture still provides the key to poverty reduction?
4. Does the growth in agriculture really matter for poverty reduction in India?
5. To study that how much do poor people share in the gains from higher growth of output or productivity in agriculture?
6. To explore if agricultural development can be an engine of growth and poverty reduction in India, and under what conditions.

METHODOLOGY

The study relies on secondary data compiled from various published sources viz. The Directorate of Economics and Statistics (DES), Ministry of Agriculture; National Accounts Statistics, Central Statistical Organization, Government of India; Ministry of Statistics and Programme Implementation Government of India; research papers and journals etc.

LITERATURE REVIEW

Agricultural growth has long been recognized as an important instrument for poverty reduction. Loayza and Raddatz (2010) on the basis of study of relationship between growth and poverty in more than 50 countries found that agriculture is the most poverty-reducing sector. However, Bardhan (1985) did not find any evidence of the existence of strong linkages between agricultural productivity and poverty reduction. Srinivasan (1985) says that the results should be interpreted with caution since there was very little evidence of trickle down mechanism at the all India level. Roy and Pal (2002) concluded that an improvement in agricultural productivity has a significant effect on reducing rural poverty in India.

Factors determining the poverty reduction effect of agriculture

Food Prices

Higher food prices hurt all households who are net purchasers of food. Food prices are also one of the important factors in explaining poverty reduction relation.

Rural Employment and Wages

A growing agriculture sector provides employment opportunities to the people. A healthy growth of real agricultural wages appears to be a sufficient condition for significant reduction in rural poverty.

Agriculture-Led Non-Farm Growth

The circumstantial evidence is strong that agriculture's powerful poverty reducing effect comes substantially through its impact on the rural, non-farm, small scale sector. Farmers spend a substantial proportion of incremental income on locally produced non-farm goods and services. The rural non-farm sector derives a high proportion of its demand from agriculture.

Agribusiness

Fertiliser and other chemical and mechanical inputs to agriculture are very important. Increased demand for such goods adds much to employment. Thus, the increase in demand from agriculture stimulates production and employment that are net additions to the economy.

Rural-Urban Linkages

Rural-urban linkages are critical for development in agriculture and non-agricultural activities. The link will help the rural

producers in commuting to nearby urban centres and establish channels for the flow of commodities and information. For ensuring economic growth in distant rural areas in less developed regions, it would be important to promote infra-structural development to link villages with urban areas so as to ensure the sustained growth of agriculture and agro-based activities.

CONCLUSIONS

The poverty reduction oriented issue in an economy is how increased farm income gets transformed into income for the poor. The increase in real income of labour from lower food prices will translate into lower wages with respect to the output produced by labour and hence increased employment. The poor benefit from either lower prices or increased employment. There is also a strong link through food prices. While the impact of agricultural growth on food prices is quantitatively small, even small food price changes can have large effects on absolute poverty.

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