



ISSUES AND CHALLENGES OF MANAGING HUMAN RESOURCES IN INDIAN AGRICULTURE – A SYNOPTIC LOOK

Management

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KEYWORDS

Challenges – Constraints – Effective Management – Human Resources – A Snap Shot Analysis.

INTRODUCTION

Since agriculture sector of the country is under stress currently, the government needs to ensure adequate reforms are introduced to revive the sector. "Agriculture sector needs the much needed attention and 52% population of the country are looking forward to reforms in this sector for the last 4 years. It would be unwise for the government to not look at this sector seriously as it is facing a crisis at the moment and can really make or break the government's future in 2019 elections," Chenthil R Iyer, Founder & Chief Strategist, Horus Financial Consultants Pvt. Ltd. told FE Online in an interview.

Traditionally, the Economic Survey was the government's assessment of how the economy had fared in the last 12 months by summarising the economic and fiscal trends. Notably, the structure was changed by the government's chief economic adviser, Arvind Subramanian, with the survey for 2014-15, wherein the document was divided into two parts. The first volume explored various themes of economic development. The second volume reflected on the state of the economy in the traditional format.

Contribution Of Agriculture Labour Force

India's economy has returned to high rates of growth, according to the latest figures. In 2015-16 the GDP growth rate reached 7.6 per cent, up from 5.6 per cent in 2012-13. The challenge continues to be to ensure that economic growth translates into better labour market conditions.

The vast majority of workers in India are in informal jobs. Although there has been a shift out of agriculture, construction has absorbed more workers than other sectors in recent years. What is more concerning is that, most of the new jobs being created in the formal sector are actually informal because the workers do not have access to employment benefits or social security. In addition, notable disparities in the labour force participation rates of men and women persist.

The Economic Survey 2018 says that the sale of tractors to a great extent reflects the level of mechanization. Indian tractor industries have emerged as the largest in the world and account for about one-third of total global tractor production, the Survey adds. While the trend is encouraging, the Economic Survey notes that more needs to be done. It is estimated that percentage of agricultural workers of total work force would drop to 25.7 per cent by 2050 from 58.2 per cent in 2001. "Thus, there is a need to enhance the level of farm mechanization in the country. Due to intensive involvement of labour in different farm operations, the cost of production of many crops is quite high," Chief Economic Advisor Arvind Subramanian said.

The economic survey also noted that Agricultural R&D is the main source of innovation, which is needed to sustain agricultural productivity growth in the long-term. The Survey says that the actual expenditure of Department of Agricultural Research and Education/Indian Council of Agricultural Research has increased from Rs 5,393 crore in 2010-11 to Rs.6800 (BE) crore during 2017-18. The compound annual growth rate of expenditure has been 4.2% over the years and in recent years' expenditure has been on higher side.

The Department in their Annual Report (2018-19) has stated that Agriculture plays a vital role in India's economy. 54.6% of the population is engaged in agriculture and allied activities (census 2011)

and it contributes 17.4% to the country's Gross Value Added for the year 2016-17 (at current prices). Given the importance of agriculture sector, Government of India took several steps for its sustainable development. Steps have been taken to improve soil fertility on a sustainable basis through the soil health card scheme, to provide improved access to irrigation and enhanced water efficiency through *Pradhan Mantri Krishi Sinchai Yojana (PMKSY)*, to support organic farming through *Paramparagat Krishi Vikas Yojana (PKVY)* and to support for creation of a unified national agriculture market to boost the income of farmers. Further, to mitigate risk in agriculture sector a new scheme *Pradhan Mantri Fasal Bima Yojana (PMFBY)* has been launched for implementation from Kharif 2016.

The percentage allocation to the Ministry of Agriculture and Farmers Welfare out of total budget outlays of the Government of India during the last three financial year and current Demands for Grants (2018-19 and their comparison with other important Ministries/Departments have been given in the succeeding paragraphs.

India economic survey 2018: Farmers gain as agriculture mechanisation speeds up, but more R&D needed.

India economic survey 2018: The Economic Survey 2017-18, which was released in Parliament on Monday ahead of the Union Budget 2018 had key implications for agriculture sector which employs more than 50 per cent of the total workforce in India and contributes around 17-18 percent to the country's GDP.

India economic survey 2018: The Economic Survey 2017-18, which was released in Parliament on Monday ahead of the Union Budget 2018, which is to be presented by Finance Minister Arun Jaitley on February 1, had key implications for agriculture sector, a space which employs more than 50 per cent of the total workforce in India and contributes around 17-18 percent to the country's GDP. Taking note of the condition of farmers in India, Chief Economic Advisor Arvind Subramanian said, "At present, Indian farmers are adapting farm mechanization at a faster rate in comparison to recent past. Although, the sale of tractors in India cannot be taken as the only measure of farm mechanization but to a great extent it reflects the level of mechanization."

Milleaue Of New Economic Policy

Further, the economic survey says that with growing rural to urban migration by men, there is 'feminisation of agriculture sector', with increasing number of women in multiple roles as cultivators, entrepreneurs, and labourers. Globally, there is empirical evidence that women have a decisive role in ensuring food security and preserving local agro-biodiversity.

Further, the economic survey points out that many measures have been taken to ensure mainstreaming of women in agriculture sector, including earmarking at least 30% of the budget allocation for women beneficiaries in all ongoing schemes/programmes and development activities; initiating women centric activities to ensure benefits of various beneficiary-oriented programs/schemes reach them and focusing on women self-help group (SHG) to connect them to micro-credit through capacity building activities and to provide information and ensuring their representation in different decision-making bodies.

Recent Economic Trends: Growth Recovers And Inflation Stabilizes

Having begun to slow in 2011, India's GDP growth rate touched a low of 5.6 per cent in 2012-13 (fiscal year). However, recent years have seen a strong recovery; GDP growth reached 7.6 per cent in 2015-16, up from 6.6 per cent in 2013-14. The growth rate in per capita income has also increased, from 5.8 per cent in 2014-15 to 6.2 per cent in 2015-16.

Figures on real gross value added (GVA) reveal that the return of these higher growth rates has been spurred by strong industrial growth. In 2015-16, growth in agriculture and related activities was estimated at just 1.2 per cent, while growth in the industrial and services sectors reached 7.4 and 8.9 per cent respectively. In line with the aims of the Government of India's "Make in India" initiative, manufacturing has grown rapidly, at 9.3 per cent in 2015-16.

Table 1: Key economic and labour market indicators

Macro	2012-13	2013-14	2014-15	2015-16
Real GDP (% change y-o-y) ⁱ	5.6 ^a	6.6 ^a	7.2 ^a	7.6 ^a
Investment (% of GDP)	36.3	34.2	34.1	32.4
Employment (million) ⁱⁱⁱ	457.9	459.0	472.9	n.a.
Unemployment (million) ^e	11.3	9.8	10.8	n.a.
Labour force participation rate (%) ^d	63.7	57.1	55.9	55.6
Male	84.0	80.6	79.8	75.7
Female	42.7	32.6	31.2	31.1
Unemployment rate (%) ^d	2.3	2.0	2.1	3.4
Male	2.1	1.9	2.1	2.9
Female	2.6	2.3	2.3	4.9
Share of employment in manufacturing (%) ^d	11.6	11.0	12.5	10.7
Male	12.0	11.1	12.2	10.7
Female	11.0	10.8	13.2	10.6
Share of regular wage and salaried workers (%) ^d	14.4	15.7	17.9	15.4
Male	17.3	17.8	19.9	16.5
Female	8.4	10.2	12.8	12.1
Working poverty rate (%) ⁱⁱⁱ				
<US\$1.90 per day	35.3	28.4	17.9	n.a.
>=US\$ 1.90 & <US\$3.10 per day	36.5	37.5	35.0	n.a.

Note: a) at 2011-12 prices; b) all ages; c) usual status; d) estimates for persons aged 15 years and above; e) average real daily wage index for regular wage employees aged 15-59 years.

Source: i) Ministry of Finance Monthly Economic Report, April 2016; ii) National Sample Survey, Employment and Unemployment Schedule, 61st, 66th and 68th rounds, and Labour Bureau's 2013-14 annual employment-unemployment data; iii) ILO: Key Indicators of the Labour Market, 9th Edition (Geneva, 2015).

Employment Growth Picked Up Pace From 2009-10 To 2011-12, But Gender Gaps Remain

The National Sample Survey (NSS) (68th Round) showed that employment grew strongly from 2009-10 to 2011-12 in comparison to the previous period.³ The total workforce (based on the usual status definition) in the country increased from 459 million in 2009-10 to 472.9 million in 2011-12. In comparison, the increase in employment from 2004-05 to 2009-10 was just 1.1 million.

Taking a longer-term perspective, employment has grown faster for men and in urban areas. In this regard, male employment grew by 1.9 per cent per annum from 1999-2000 to 2011-12, while female employment increased by just 0.3 per cent on an annual basis.⁴ Over this period, urban areas accounted for 57.2 per cent of the growth in employment, though only 31 per cent of the population live in urban areas (as per the 2011 Population Census).

Looking at gender, the labour force participation rate of women is low and a sizable gender gap persists. Moreover, when women work they tend to end up in marginal jobs. One of the most intense debates in

recent years has centred on the declining labour force participation rate of women in India, which dropped from 42.7 per cent in 2004-05 to 31.2 in 2011-12. The latest data from the Labour Bureau indicates a similar participation rate of women in 2013-14 (31.1 per cent).

Weak structural transformation of the labour market excluded from these figures, the agricultural sector still accounts for 62.7 per cent of India's employment, although this share has fallen significantly, from 77.6 per cent in 1993-94.

Three reference periods are used in the National Sample Survey (NSS) Employment and Unemployment Schedule: (i) one year; (ii) one week; and (iii) each day of the reference week. This yields three different measures of the activity of an individual: (i) usual activity status (US); (ii) current weekly status (CWS); and (iii) current daily status (CDS). In addition, the usual status is further distinguished between persons who are: (a) engaged in the activity for a relatively significant period of the 365 days preceding the date of survey; or (b) remaining persons who were engaged in that activity for at least 30 days during the 365 reference day period. These are referred to as usual principal status and usual subsidiary status, respectively. Finally, the usual principal and subsidiary status (UPSS) consists of both categories of persons - (a) and (b). The analysis in this note primarily focuses on the usual principal and subsidiary status (UPSS) definition, which is the most relevant for a country like India.

Non-farm sector and rural diversification

The process of structural transformation in India has been different from that in East and South-East Asia. For both output and employment, there has been a greater role for the services and construction sectors in the transition from agriculture. Overall, the non-farm sector has played a key role in the process of rural diversification in India.

Between 1999-00 and 2011-12, there has been a considerable increase in rural non-farm employment (12 per cent, as per the usual principal status definition). The greatest rise was in the states of Jammu and Kashmir (33 per cent), Goa (21 per cent) and Punjab (20 per cent). Overall, the proportion of households, whose principal source of income depends on agriculture, declined from 63 per cent in 2002-03 to 58 per cent in 2012-13. The biggest increase in non-agricultural employment has been in the construction sector, where the share of employment in rural areas has increased from 14.4 per cent (1999-00) to 30.1 per cent (2011-12). This has been accompanied by a change in employment status, with a rise in casual wage employment and a decline in self-employment.

CONCLUSION

Though measuring wages is inherently difficult in a country where the majority of workers are self-employed and in agriculture, most trends show that rural agricultural wage growth has been robust. Figures from five agricultural operations - ploughing, sowing, weeding, transplanting and harvesting - show the rapid growth in rural agricultural wages during the 2000s. This was especially so during the period from 2004-05 to 2011-12. The fundamentals to sustain high rates of growth in the longer term are in place in India: favourable demographics, high savings and investment rates, and increased resources for infrastructure and skills development. The challenge is to ensure that these drivers of growth are associated with the creation of more decent jobs that are accessible to youth, women and social groups across the country, particularly in rural areas.

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