



Performance of Agriculture sector in India

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ABSTRACT

Agriculture has long history of more than 5000 years and it is the backbone of the Indian economy, mainly because of its larger share of workforce employed and National Income in the country. Even though Government of India and other State Governments trying to improve the agriculture sector through different programmes and policies, the production and productivity is increasing, but the growth rate is very meager compare to other sectors. This is because mainly lack of financial assistance, lack of infrastructural facilities land transformation, usages of traditional methods, negligence on SFs and MFs across the country. Added to this, the programmes and policies are not completely attracted to improve the agricultural sector to all the sections of the farmers; resulting, the farmers are shifting their occupation to other non-farm sector. The farmers' community would disappear after couples of decades if it is continue in the same trend especially in the crops of paddy, wheat, jawar, pulses, oil seeds, tobacco etc. However, there is a great need to maintain a balance between producer produce and consumer prices by careful calibration of minimum support prices and also suitable steps are essential to solve the problems of the agricultural sector.

Keywords : Cropping Pattern, Horticulture sector, High yield products.

Agriculture has long history of more than 5000 years and it is the backbone of the Indian economy, mainly because of its larger share of workforce employed and National Income in the country. Hence, agriculture plays an essential role in the process of economic development of India. Besides providing food to nation, agriculture releases labour, provides savings, contributes to market of industrial goods and earns foreign exchange. However, agriculture was the main source of National Income at the time of Independence of India. Besides this, the growth of other sectors depends on this sector and it is main source of livelihood and food security for large majority of Indian population. Over a period of time, agriculture sector in India recorded satisfactory growth due to improved technology, irrigation, inputs and pricing policies. Further, the sector remains the principal source of livelihood for more than 52 percent of the population though its contribution to the national GDP had declined to 14.2 percent due to high growth experienced in industries and services sectors. In this scenario, the study aimed to assess the performance of agricultural sector in India. This would enable to the policy makers, programmers officials of the concerned to know the place of the sector in the National Income and its draw backs. This enables them, to modify the policies and programs for the growth and development of this vital sector.

Gross Domestic Product

The GDP is the indicator of the performance of any economy. India is a vast country, so the sectors contributing to the country's GDP is also big in numbers. Various sectors in GDP includes like food processing, transformation equipments, petroleum, textiles, software, agriculture, mining, machinery, chemicals, steel, cement and many others. According to the estimates of 2008, agriculture sector contributed 17.2%, industry contributed 29.1%, while the service sector had a contribution of 52.7%, indicating that the agricultural sector's contribution in the GDP is low when compare to other sectors. However, the agricultural sector has had low production due to a number of factors such as illiteracy, insufficient finance, and inadequate marketing of agricultural produces. Further, the reasons for the decline in agriculture growth rate in India's GDP are that in the sector the average size of the farms is very small which in turn has resulted in low productivity. Also the growth rate of the agricultural sector in India the GDP

has declined due to the fact that the sector has not adopted modern technology and agricultural practices and insufficient irrigation facilities. As a result of this, the sector contribution is deteriorating continuously. The sector has touched a growth rate of 4.4 % in the second quarter of

2010-11 there by achieving an overall growth rate of 3.85 during the first half of 2010-11. The sector worth messed a growth of 5.1% per cent in 2005-06, 4.2% in 2006-07, 5.8 % in 2007-08, (-) 0.1 % in 2008-09 at 2004-05 prices. The low growth rate of 0.4 % recorded by this sector in 2009-10 was mainly due to poor rainfall in 2009. The contribution of this sector to GDP has continued to decline over the years; while that of other sectors, particularly services, has increased. In 1970-71 agriculture contributed about 44 % of GDP, declined to 31.4 % in 1990-91, and 17.4 %, 14.6% and 14.2% in 2006-07, 2009-10 and 2010-11 (at 2004-05 prices) respectively (Table-1). With regard to composition, out of a total share of 14.6 % of the GDP from agriculture and allied sectors in 2009-10, agriculture alone accounted for 12.3 % followed by forestry and logging at 1.55 and fisheries at 0.85 (CSO 2011). The share of agriculture exports in total exports value declined from about 18.5% in 1990-91, it is about 10.6% in 2009-10, while share of agricultural imports to total national imports increased from 2.8 % in 1990-91 and reached a high of 8.2 % in 1998-99 and declined to about 4.4% in 2009-10. Nevertheless, agriculture remains a major source of employment, absorbing about 52 % of the total national workforce in 2004-05, down from about 70 % in 1971. This shows, the sector faced insignificant place in the Indian economy, though India is called as agriculture country, since ancient period.

Table-1, GDP of Agriculture and allied Sectors from 2006-07 to 2010-11 (Rs. Crores)

Years	GDP of Agriculture & Allied sectors	Per cent to total GDP
2006-07	619190	17.4
2007-08	655080	16.8
2008-09	654118	15.7
2009-10	656975	14.6
2010-11	692499	14.2

Source: CSO.

Structural changes

Significant structural changes occurred in India in the form of decrease in share of GDP from 30 percent in 1990-91 to 14.2 percent in 2010-11 indicating a shift from the traditional agrarian economy towards a service dominated one. This decrease in agriculture's contribution to GDP has not been accompanied by a matching reduction in the share of agriculture in employment. About 52% of the total workforce is still employed by the farm sector which makes more than half of the Indian population dependant on agriculture for sustenance (NSS 66th Round). However, within the rural economy, the share of income from non-farm activities has also increased. The average size of operational holdings in India has diminished

progressively from 2.28 ha in 1970-71 to 1.55 ha in 1990-91 to 1.23 ha in 2005-06. As per Agriculture Census 2005-06, the proportion of marginal holdings (area less than 1 ha) has increased from 61.6 percent in 1995-96 to 64.8 percent in 2005-06. This is followed by about 18 percent small holdings (1-2 ha.), about 16 percent medium holdings (more than 2 to less than 10 ha.) and less than 1 percent large holdings (10 ha. and above). This also indicates low contribution of this sector to the GDP in India. It leads to the continuing high

pressure of population on agriculture and the increasing fragmentation of land holdings leading to decreasing availability of cultivated land

area per household, the agriculture sector alone would hardly be in a position to create additional employment opportunities to sustain the livelihood of the rural households.

Agricultural production

The food grains production is accounted during 2008-09 at 218.20 million tones as against 241.6 million tons in 2010-11. Further, production of all cereals was placed at 203.61 million tons in 2006-07, 219.90 million tons in 2008-09 and 223.5 million tons in 2010-11. The production of wheat and rice accounted at 75.8 million tones, 80.7 million tones, 85.9 million tones and 93.4 million tones, 99.2 million tones, 95.3 million tones respectively for the same reference period. However, production of oilseeds decreased from 27.72 million tons in 2008-09 to 24.93 million tons in 2009-10 and it is increased to 31.1 million tons in 2010-11. However, there is an improvement in the area, production and yield of these crops under the reference period. But, it is insignificant increase as compared to the other sectors (Table-2).

Table-2, Production and yield of major crops in India

Crops	Area (lakhs hectares)				Production (million Tons)				Yield (Kgs/hectares)			
	2007-08	2008-09	2009-10*	2010-11	2007-08	2008-09	2009-10*	2010-11	2007-08	2008-09	2009-10*	2010-11
Food grains	124.1	122.8	121.3	125.7	230.8	234.4	218.2	241.6	1860	1909	1798	1921
Oil seeds	26.7	27.5	26.0	26.8	29.8	27.7	24.9	31.1	1115	1007	958	1159
Sugar cane	5.1	4.4	4.2	4.9	348.2	285.0	292.3	339.2	69	65	70	69
Cotton @	9.4	9.4	10.1	11.1	25.9	22.3	24.0	33.4	467	403.3	403	510

*Fourth advance estimates.

@ Production million bales of 170 kgs each.

Source: Directorate of Agricultural Cooperation, New Delhi.

Further, except sugar cane, all the specified crops like rice, wheat, maize, groundnut, productivity is less in India than the other countries like China, Japan and world average. This is because, land degradation. Nearly half of the country's 329 millions hectares of soil could be categorized as degraded. Almost 43% of the land suffers from high degradation resulting in 33-67 percent yield loss at 5 per cent.

State level Variations

There is a wide variation in the performance of different states. During 2000-01 to 2008-09, the growth performance of agriculture in Rajasthan (8.2%), Gujarat (7.7%) and Bihar

(7.1%) was much higher than that of Uttar Pradesh (2.3%) and West Bengal (2.4%). This is because, variations in rainfall conditions and soil differences and variations in the agricultural methods and variations in financial assistance availability in different places of the country.

Growth in Livestock and Fisheries

There is a landmark development in the Indian agriculture in horticulture, livestock and fisheries with great challenges and unlimited opportunities after 1990s. The share of livestock in total output from the agriculture and allied sectors has increased from 20% in Triennium Ending (T.E.) 1990-91 to 25% in T.E. 2009-10 (at 2004-05 prices). Currently food grains constitute about one fifth of the total value of output from the agriculture & allied sector which is less than the contribution from the livestock sector and almost equal to that of the horticulture sector.

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