



Performance of Indian Agriculture since Reforms

Bini.C.B

Assistant Professor on contract, Department of Economics. Sree Krishna College, Guruvayur, Thrissur Dist.Kerala

ABSTRACT

At 179.9 million hectares, India holds the second largest agricultural land in the world. A majority of the Indian population relies on agriculture for employment and livelihood. Steady investments in technology development, irrigation infrastructure, emphasis on modern agricultural practices and provision of agricultural credit and subsidies are the major factors contributing to agriculture growth. The country has today emerged as a major player in the global agriculture market. Agriculture accounts for 14 per cent of gross domestic product (GDP) and about 11 per cent of India's total exports; it is also an essential link in the supply chain of the manufacturing sector and at the same time constitutes a big market for industrial products. Currently, India is the world's largest rice exporter and second in terms of wheat exports. Horticulture exports have also seen good growth. India's agro exports during 2013–14 touched US\$ 45 billion as against US\$ 25 billion in 2011–12.

KEYWORDS

Introduction:

Agriculture is a critical sector of the Indian economy. Though its contribution to the overall Gross Domestic Product (GDP) of the country has fallen from about 30 percent in 1990-91 to less than 15 percent in 2011-12, a trend that is expected in the development process of any economy, agriculture yet forms the backbone of development. Eleventh Five Year Plan (2007-2012) has placed heavy emphasis on agriculture and rural development and a number of important policy measures have been initiated to address the issues of agrarian distress. Several studies have pointed out to the deceleration in agricultural growth during 1990s continuing towards middle of first decade of the new century. However, it is worth investigating whether measures initiated during the Eleventh Plan made any difference to the growth trajectory or not so that these lessons can be used during the 12th Plan. Eleventh Five Year Plan has focused on a model that encompass 4 per cent growth in agriculture. This was considered vital not only for improving food and nutrient security, but also for inclusive growth and checking rural urban divide. It is widely felt – and has also been documented – that high rates of growth experienced by India during the last two decades or so have largely benefited urban and non agriculture population in India. To address this disquiet trend, the ongoing Eleventh Five Year Plan (2007-2012) has placed heavy emphasis on agriculture and rural development and a number of important policy measures have been initiated to address the issues of agrarian distress. Further, right from the Ninth Five-Year Plan onwards, 4 percent growth in Indian agriculture has been targeted, but the actual growth rate has remained considerably lower than this target .

The importance of agriculture in Indian Economy: Share of Agriculture in National Income

Agriculture has got a prime role in Indian economy. Though the share of agriculture has come down ,still it has a substantial share in GDP. Agriculture including allied activities accounted for 14.1% of GDP at 2004-05 prices, in 2012-13 as compared to 14.7% in 2009-10. In terms of composition, out of the total share of 14.1% that agriculture and allied sectors had in GDP in 2012-13, agriculture alone accounted for 12.0%, followed by forestry and logging at 1.4% and fishing 0.7%.

Share of Agriculture in Capital Formation

The GCF in agriculture and allied sectors as a proportion to the GDP in sector stagnated around 14% during 2004-05 to 2006-07. However, there is a marked improvement in this figure during Eleventh Five Year Plan. It increased to 16.03% in

2007-08 and further to 19.67% in 2008-09 and to 20.1% in 2009-10. But for 2010-11 it declined to 18.4%. During 2011-12 after first revision it slightly improved to 19.8%.

Important contribution to Employment

Agriculture sector, at present provides livelihood to 60% to 70% of total population. The sector provides employment to 58% of country's work force and is the single largest private sector occupation.

Important source of industrial development

Various important industries in India find their raw material from agriculture sector, cotton, jute, sugar etc. Are dependent on agriculture. This highlights the importance of agriculture in industrial development of the nation.

Important in International Trade

India's foreign trade is deeply associated with agricultural sector. Agriculture and Allied sectors account for 9.08% of total exports during 2011-12 against 6.9% of 2010-11. Besides, goods made with the raw material of agriculture sector also contribute about 20% in Indian exports.

Market size

Given the good monsoon, the agriculture sector in India is likely to grow in the range of 5.2–5.7 per cent in the 2013–14 agriculture year (July-June), nearly three times as compared to the previous year. In FY 12, total food grains production in India reached an all-time high of 259.3 million tonnes (MT). Rice and wheat production stood at 105.3 MT and 94.9 MT respectively. Total exports of Indian agri and processed food products in the period April–February 2013–14 stood at US\$ 20,331.05 million as compared to US\$ 19,144.45 million during the corresponding period of the previous year, according to the Agricultural and Processed Food Products Export Development Authority (APEDA). In 2012–13, the share of exports of 'agricultural and processed food products' in total exports rose to 13.53 per cent from 10.5 per cent share in 2010–11. Guar gum has emerged as India's largest item of farm exports with a share of 9.58 per cent during the period, followed by basmati rice and marine products.

Investments in agriculture The foreign direct investment (FDI) inflows in agricultural services and machinery sector during April 2000–February 2014 stood at US\$ 1,696.98 million and US\$ 338.65 million respectively, as per data released by Department of Industrial Policy and Promotion (DIPP). The National Bank for Agriculture and Rural Development (NABARD)

has sanctioned Rs 1,112 crore (US\$ 184.31 million) for creation of 1,336 warehouses in various states and state government corporations in the country, which will create 0.75 MT of additional storage space.

Tractors and Farm Equipment Ltd (TAFE) plans to invest Rs 250 crore (US\$ 41.44 million) by the end of FY 15 on expansion and development of new products. The company, with four factories, has a capacity of around 200,000 units a year. It plans to increase the total capacity to around 300,000 units a year over the next two years, according to Ms Mallika Srinivasan, Chairman and CEO, TAFE. Indian Council of Agricultural Research (ICAR) has sought Rs 5,700 crore (US\$ 945.55 million) to strengthen Krishi Vigyan Kendras (KVK) in the 12th Five Year Plan. The allocation for KVK was Rs 2,000 crore (US\$ 331.77 million) during the 11th Plan. In addition, a sum of Rs 500 crore (US\$ 82.94 million) has been allocated to the states of Punjab, Haryana and western Uttar Pradesh for diversification of crops.

Performance of agriculture during 11th plan

The average annual growth in agriculture and allied sectors realised during the years of 11th plan period 2007-08 to 2011-12, was 3.6% against the targeted growth rate of 4%. Agriculture and allied sectors recorded slightly lower average growth than targeted rate is due to severe drought experienced in most part of the country during 2009-10. However, timely and corrective measures taken by the government helped boost agricultural production and growth in agriculture and allied sectors were estimated to achieve a growth rate of 3.6%. As per advance estimates of CSO for 2012-13 agriculture and allied sector growth has been estimated at only 1.8%.

Crop production in eleventh plan

During the eleventh plan period, food grain production in the country recorded an increasing trend, except in 2009-10, when total food grain production declined to 218.1% million tonnes due to severe drought experienced in various parts of the country. During 2011-12 total food grain production reached an all time high of 259.32 million tonnes. However the production of Kharif crops is likely to be adversely affected by the deficiency in the south west monsoon and the resultant acreage losses. The overall area coverage at 665.0 lakh ha under food grains during kharif 2012-13 shows a decline of 55.8 lakh ha compared to 720.86 lakh ha during kharif 2011-12.

Table 1: Food grain production [in million tonnes]

2005-06	208.6
2006-07	217.3
2007-08	230.67
2008-09	234.47
2009-10	218.11
2010-11	244.78
2011-12	259.32
2012-13	255.36

Source : Pratiyogitha Darpan

Fourth advanced estimate of food grains for 2012-13

Union Ministry of Agriculture on July 2013 released the fourth advanced estimates of food grains for the year 2012-13. The food grain output has been kept the same as it was in the third advanced estimate but it is lower than the record 259.29 million tonnes achieved in the crop year 2011-12. Government has scaled down the 2012-13 annual wheat production estimate by 2.55% to 92.46 million tonnes. The pulse production of the fourth advanced estimate stood at all time high of 18.45 million tonnes in 2012-13. Overall production of food grains, which includes rice apart from wheat and pulses has dropped by 1.55% to 255.36 million tonnes due to drought in some states during 2012-13. Rice output has remained lower in 2012-13 at 104.22 million tonnes against 105.3% million

tonnes of 2011-12. Oilseeds production as per fourth advanced estimates stood at 31 million tonnes during 2012-13. Coarse cereals production estimates have also been revised upward to 40.06 million tonnes in 2012-13 from 39.52 million tonnes in the third estimate, but it is still lower than the previous years production level of 42.01 million tonnes.

Table No:2 Fourth advanced estimate of production of food grains 2012-13

	2011-12 final estimates	2012-13 fourth estimates
Rice	105.30	104.40
Wheat	94.88	92.46
Cereals	242.20	236.92
Total food grains	259.29	255.36
Oil seed	29.80	31.01
Total Pulses	17.09	18.45

Source: Pratiyogitha Darpan

Recommendations

Given the vital importance of agriculture for food security, livelihood and income of vast majority of people and importance of the sector for overall growth of the economy and other services provided by the sector, the country needs effective strategy to address the problems and challenges being confronted by agriculture sector. There is also a need for policies and strategies to adjust to the new types of technologies, changing demand patterns, upcoming value chains and supermarkets, revolution in communication technology, institutional innovations and globalization. It was envisaged in the Eleventh Plan that in order to achieve 4 per cent growth rate in agriculture India would need to raise public investment to 4% of GDP agriculture. Public investments are falling short of this target this needs to be met at the earliest. Technology is the prime mover for growth. Considering the costs and constraints of resources such as water, nutrients and energy, the genetic enhancement of productivity should be coupled with input use efficiency. This can be made possible only by creation and utilization of new and improved technology which needs to be met at the earliest. Agriculture diversification towards high value agricultural commodities like fruit, vegetables and dairy products hold vast potential to accelerate growth and improve farm income in the country. Harnessing full benefit of diversification requires new institutional and contractual arrangements for production and marketing and ensuring that smallholders are not excluded from the process.

Electric power is not only cheaper but also much more efficient for undertaking various farm operations. There is need to raise supply of power to rural areas and agriculture sector and to check erratic supply, unscheduled cut and low voltage. In Central and Eastern states having a large potential like Bihar, East Uttar Pradesh, Orissa, Assam, Chhattisgarh and West Bengal, marketing infrastructure is very underdeveloped and private trade is exploitative. As such, the incentives for the adoption of new technology in such areas are very weak. In order to usher in green revolution in these states farmers need to be assured of incentive structure. Agriculture in India is highly labour intensive activity. Cost of Cultivation data shows that labour accounts for more than 40 per cent of the total variable cost of crop production in most cases. Therefore, availability of labour to work in agriculture is crucial in sustaining agricultural production.

CONCLUSION

With a population of about 1.2 billion, India requires a robust, modernised agriculture sector to ensure food security. The 12th Five Year Plan estimated a potential storage capacity expansion of 35 MT. Cold storage capacity also needs to grow rapidly from the current level of 24 MT. The government has targeted an overall growth rate of 4 per cent for the farm sector under the 12th Plan. The growth momentum in India's agricultural exports is expected to continue in the next few years, with an increased share of processed food, includ-

ing mango pulp, dried and preserved vegetables, meat and poultry items. Factors such as reduced transaction costs, time, better management and fiscal incentives contributed to this upward trend. With continued focus on issues such as food safety and compliance with international standards, we can surely reach new heights," as per Mr Piruz Khambatta, Chairman and Managing Director, Rasna, and Chairman, Confederation of Indian Industry's (CII) National Committee on Food Processing.

The transition from traditional to high value agriculture will be primarily driven by private investments, which are three fourths of total investments in agriculture. However, to ensure that this happens smoothly and rapidly, government policy needs to act as a catalyst by way of providing greater investments in R&D, roads and public irrigation.

REFERENCES

M B Shukla - Taxman's INDIAN ECONOMY. S K Misra, V K Puri - Economics Development and Planning, Theory and Practice. Gaurav Datt, Aswani mahajan-Indian Economy. Indian Economy its Growing Dimensions-P K Dhar. S Sankaran-Indian economy Problems, policies and Development. India Development Report 2012- Pratiyogitha Darpan