



Problems & Prospects of Agriculture in India

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Introduction:

Agriculture has got a prime role in Indian economy though the share of agriculture in national income has come down. Since the inception of planning era in the economy but still it has a substantial share in GDP. The contributory share of agriculture in Gross Domestic Product was 55.4% in 1950-51, 52% in 1960-61 and is at present reduced to 22.1% only. The share of agriculture in gross capital formations in the early 1990s was 1.9% which declined to 1.3% in 2002-03.

Important Source of Industrial Development

Various important industries in India find their raw material from agriculture sector; cotton and jute textile industries, sugar, vanaspati, industries etc. are directly dependent on agriculture. Handloom, spinning, oil milling, rice thrashing etc. are various small scale and cottage industries which are dependent on agriculture sector for their raw material. This highlights the importance of agriculture.

Importance in International Trade

India's foreign trade is deeply associated with agriculture sector. Value of agriculture exports to total exports of the country has been ranging between 15 to 20%. Besides goods made with the raw material of agriculture sector also contributes about 20% in Indian exports. In other words, agriculture and its related goods contribute about 38% in total exports of the country. Latest Agriculture Scenario

The agricultural output, however, depends on monsoon as nearly 60 percent of area sown is dependent on rainfall. Erratic monsoon rainfall in 2004 caused a substantial fall in kharif food grains production. The fourth advance estimate of food grains production released by the Agriculture Ministry in July, 2005, puts the kharif food grains production at 103.32% million tones, which is short of last year's production by nearly



13.5 million tones. Good post-monsoon rains, especially during October 2004, which helped a buildup of soil moisture, and the prevalence of cool weather conditions through rabbi season, improved the prospects of rabbi food grains, and is expected to help offset the loss in kharif food grains production partly, The Agriculture Ministry has projected rabbi food grains production at 101.3 million tons, up about 5 million tons from the last season. The overall food grains production for the 2004-05 seasons is, thus, estimated at 204.62 million tones, which are nearly 10 tones less than last year.

The kharif shortfall in rice production is expected to be made up in Rabi rice production. The total rice production at 85.31 million tones is likely to be nearly three million tones less than the last year. The production of Wheat at 72 million tones is almost equal with the production of last year. There is, however, likely to be a shortfall in the production of both coarse cereals and pulses, which are essentially rain fed crops. The short- falls is likely to be particularly pronounced in the case of coarse cereals. The estimated decline of nearly 4.5 million tones in the production of coarse cereals is largely responsible for the decline in the overall food grains production in the year 2004-05. Oilseeds production, estimated at 26.10 million tones, is marginally more than last year's level. However, maintenance of production of oilseeds at some above level as last year's despite deficient and erratic rainfall is a matter of satisfaction and is, in a way, endorsement of the Governments recent tilt in the price policy announcements towards the deficient crops of oilseeds and pulses. The production of cotton is also expected to rise significantly mainly because of the remunerative prices that accrued to the farmers last year, attracting the farmers to the cultivation of cotton. However the decline in the production of sugarcane continued for the third year in succession, mainly because of the deficient rainfall in the sugar producing regions of Maharashtra.

Minimum Support Price of Agriculture Products

Keeping in view the interests of the farmers as also the need of self reliance, Govt. has been announcing minimum support priced(MSP) for 24 major crops. The main objectives of announcing MSP are to prevent fall in prices in the situation of over production and, to protect the interest of farmers by ensuring them minimum prices for their crops in the situation of a price fall in the market.



Minimum support price announced by the government is that price at which government is ready to purchase the crop from the farmers directly if crop price becomes lower to MSP. As a result, market price of the crop never comes down from the level of MSP. This minimum price security gives incentives to farmers to increase their production

Backwardness and Low Productivity of Agriculture

Agriculture sector presently provides livelihood to about 64% of the labour force and contributes nearly 27% of GDP. In other words, 36% of working population engaged in non-agricultural activities contributes 73% of GDP. This contradiction clearly states that per labour productivity in agriculture sector is approximately half than that in non-agriculture sector. It is a clear cut indication of backwardness of Indian agriculture. Per hectare productivity in India for all crops is comparatively low as compared with that of other countries.

Agriculture Holdings

The average size of holding in India is continuously decreasing due to rapid and high population growth. The continuous division and fragmentation of holdings has increased the number of holdings, obviously of smaller size. According to the results of Agriculture census 1990-91, the total number of operational holdings in the country had increased from 972 million in 1985-86 to 1066 million in 1990-91. Operated area, on the other hand had risen only marginally, i.e., by about 0.6%. Rise in number of holdings without corresponding increase in area clearly showed pressure of population on land with average size of holding declining from 1.69 hectare in 1985-86 to 1.55 hectares in 1990-91. 59% of total operational holdings in 1990-91 were of size less than 1 hectare, 32.2% of size between 1-4 hectares, 7.2% of size between 4-10 hectares and only 1.6% of size more than 10 hectares. In 1985-86, Rajasthan was having the highest average holding size of 4.34 hectares, followed by Punjab having an average size of 3.77 hectares. Contrary to it, Kerala was having the lowest average holding size of 0.36 hectares. Agricultural holdings are termed as Economic Holding, Family Holding and Optimum Holding.



References:

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