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AGRICULTURE & RURAL DEVELOPMENT IN INDIA – PROBLEMS & PROSPECTS

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INTRODUCTION

Indian agriculture has been undergoing spectacular changes in recent period. These changes are manifestations of large scale commercialisation and diversification taking place in the agricultural sector. They broadly include cultivation of new crops and varieties, increase in the share of area under cash crops, large scale spread of livestock activities and fisheries, pursuance of hi-tech agriculture in the areas of aquaculture, bio-technology, horticulture, processing, etc. The latest changes are basically responses of our agriculture to new economic environment ushered in by the process of liberalisation. The present paper is an attempt to examine different facets of commercialisation and diversification. British rule, crops such as cotton, tobacco and sugarcane were grown fairly extensively since land revenue had to be paid mostly in cash and the prices of these crops, relative to those of food grains, were much higher at that time. Even during the British rule, the situation did not change much.

Though the primary concern of the rulers from then onwards was the expansion of trade, some of the policies in pursuit of this objective introduced market forces into agriculture. In the process, lanland was rendered marketable in principle as the British vested the property rights on land with the individual farmers for the 'first time. This, coupled with the growth in population and infrastructural investments in irrigation, communication and transport, resulted in rise in land value. Besides, expanding trade opportunities in agricultural produce also brought forth inflow of finance from rent-seeking urban traders and money lenders to agriculture. This set off the emergence of a different outlook for farm enterprise from an enterprise that provided a source of livelihood to one that had the potential of a commercial venture.

The All India Rural Credit Survey (AIRCS) 1951-52 was a pioneering attempt to capture the salient features of the agrarian structure. The survey report threw up a fair idea as to the extent of commercialisation with its regional perspective along with its correlates such as cropping pattern, value of gross produce per unit of land, distribution of holdings, land rent paid in cash and kind, wages paid in cash and kind, borrowings, etc. AIRCS classified the regions under three categories, viz., (i) subsistence region characterized by lower proportion of cash expenses in total expenses and lower proportion of cash proceeds from crop sales to gross value of output, (ii) monetised regions which had significantly higher proportion of cash transactions but with relatively low share of cash crops in the net sown area and (iii) commercialised and monetised regions having a high share of cash crops in the net sown area besides higher proportion of cash transactions. Further, it was observed that the average rent paid in cash and kind to landlords as proportion of gross value of produce was twice as high in the commercialised regions compared to subsistence regions. Similarly, the proportion of wages and salaries also was significantly higher in commercialised regions.

The onset of green revolution during mid-sixties resulted in widespread use of modern inputs such as HYV seeds, water, fertilisers and pesticides leading to impressive growth in yield levels. As a result, there was a spurt in marketable surplus. For instance, according to the estimates of Directorate of Marketing and Inspection (1981), the net marketable surplus of paddy was 31.14 per cent of the production from HYVs whereas it was (-)0.7 per cent in case of traditional varieties during 1972-73. The growth in' agricultural output also owed it to favourable public policy on prices, marketing and credit, besides widespread adoption of new agricultural technology.

The Commission for Agricultural Costs and Prices (CACP), (the erstwhile Agricultural Price Commission) set up in 1966 has played an important role in recommending remunerative prices for various crops. Regulation of markets has also been given due importance during the post Green Revolution period. On the credit front too, several 2 innovations had been introduced to augment the working capital of the cultivators as well as to enhance their investment capabilities. 6. Agricultural sector has witnessed significant changes in the crop-mix over time in favour of superior cereals, non-traditional oilseeds such as sunflower, soyabean, etc. These changes have been largely the manifestations of conscious public policy support through price incentives, investment in generation of new technology, etc. Diversification of agriculture, outside the crop sector by way of subsidiary enterpr ises in animal husbandry, poultry, fisheries, sericulture, etc., has been an important development that accompanied

commercialisation. There has been acceleration in the commercialisation, growth and diversification of agriculture since 1980s, especially during 1990s. The positive feature of this phase of commercialisation is the coverage of even small and marginal farmers and backward regions.

1. SMALL AND FRAGMENTED LAND-HOLDINGS:

The seemingly abundance of net sown area of 141.2 million hectares and total cropped area of 189.7 million hectares (1999-2000) pales into insignificance when we see that it is divided into economically unviable small and scattered holdings. The average size of holdings was 2.28 hectares in 1970-71 which was reduced to 1.82 hectares in 1980-81 and 1.50 hectares in 1995-96. The size of the holdings will further decrease with the infinite Sub-division of the land holdings.

2. SEEDS:

Seed is a critical and basic input for attaining higher crop yields and sustained growth in agricultural production. Distribution of assured quality seed is as critical as the production of such seeds. Unfortunately, good quality seeds are out of reach of the majority of farmers, especially small and marginal farmers mainly because of exorbitant prices of better seeds.

3. MANURES, FERTILIZERS AND BIOCIDES:

Indian soils have been used for growing crops over thousands of years without caring much for replenishing. This has led to depletion and exhaustion of soils resulting in their low productivity. The average yields of almost all the crops are among t e lowest in the world. This is a serious problem which can be solved by using more manures and fertilizers.

4. IRRIGATION:

Although India is the second largest irrigated country of the world after China, only one-third of the cropped area is under irrigation. Irrigation is the most important agricultural input in a tropical monsoon country like India where rainfall is uncertain, unreliable and erratic India cannot achieve sustained progress in agriculture unless and until more than half of the cropped area is brought under assured irrigation. This is testified by the success story of agricultural progress in Punjab Haryana and western part of Uttar Pradesh where over half of the cropped area is under irrigation! Large tracts still await irrigation to boost the agricultural output.

5. LACK OF MECHANISATION:

In spite of the large scale mechanisation of agriculture in some parts of the country, most of the agricultural operations in larger parts are carried on by human hand using simple and conventional tools and implements like wooden plough, sickle, etc.

6. SOIL EROSION:

Large tracts of fertile land suffer from soil erosion by wind and water. This area must be properly treated and restored to its original fertility.

7. AGRICULTURAL MARKETING:

Agricultural marketing still continues to be in a bad shape in rural India. In the absence of sound marketing facilities, the farmers have to depend upon local traders and middlemen for the disposal of their farm produce which is sold at throw-away price. In most cases, these farmers are forced, under socio-economic conditions, to carry on distress sale of their produce. In most of small villages, the farmers sell their produce to the money lender from whom they usually borrow money. According to an estimate 85 per cent of wheat and 75 per cent of oil seeds in Uttar Pradesh, 90 per cent of Jute in West Bengal, 70 per cent of oilseeds and 35 per cent of cotton in Punjab is sold by farmers in the village itself. Such a situation arises due to the inability of the poor farmers to wait for long after harvesting their crops.

8. INADEQUATE STORAGE FACILITIES:

Storage facilities in the rural areas are either totally absent or grossly inadequate. Under such conditions the farmers are compelled to sell their produce immediately after the harvest at the prevailing market prices which are bound to be low. Such distress sale deprives the farmers of their legitimate income.

9. INADEQUATE TRANSPORT:

One of the main handicaps with Indian agriculture is the lack of cheap and efficient means of transportation. Even at present there are lakhs of villages which are not well connected with main roads or with market centres.

10. SCARCITY OF CAPITAL:

Agriculture is an important industry and like all other industries it also requires capital. The role of capital input is becoming more and more important with the advancement of farm technology. Since the agriculturists' capital is locked up in his lands and stocks, he is obliged to borrow money for stimulating the tempo of agricultural production.

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