

# **ROLE OF DIFFERENT SECTORS IN INDIA**

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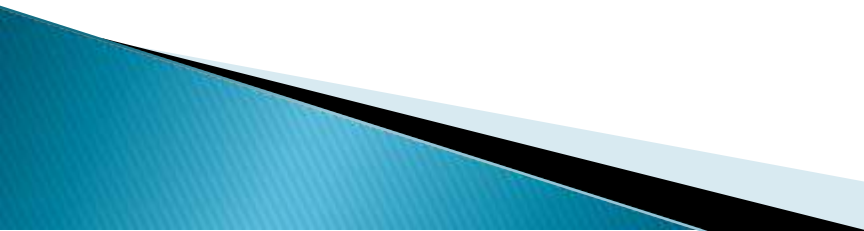
# DIFFERENT SECTORS IN AN ECONOMY

**Agricultural  
Sector**

**Industrial  
Sector**

**Services  
Sector**

# ROLE OF AGRICULTURE

- Providing employment
  - Share in National income
  - Supporting industries
  - Shares in foreign trade
  - Supplier of food and fodder
  - Savings of Capital
  - Contributions to Government's revenue
  - Solving problems of urban congestion and brain drain
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# GROWTH OF AGRICULTURE

- ◀ Increase in Production and Productivity
- ◀ Diversified Agriculture
- ◀ Modern Agriculture
- ◀ Improved Agrarian System
- ◀ Other Developments

# Increase in Production & Productivity

Commodity	2001-02	2009-10	2016-17
Foodgrains (m.t)	212.9	218.2	273.38
Pulses (m.t)	13.4	14.6	22.40
Sugarcane (m.t)	297.2	277.7	306.03
Oilseeds (m.t)	20.7	24.9	32.52
Cotton ( m.bales)	10.0	23.9	32.58

# Contd...

## Green Revolution

-Adoption of new agricultural strategy (1966)

- High yielding varieties of seeds
- Proper irrigation facilities
- Extensive use of fertilisers, pesticides & insecticides.

 Increased production esp. wheat (**Wheat Revolution**)

 Need for Second Green Revolution

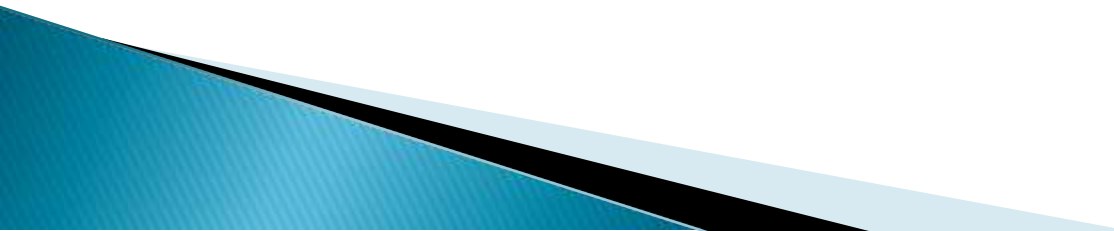
# Wheat Revolution

Production of Wheat (m.t)	
2010-11	86.87
2011-12	94.88
2012-13	93.51
2013-14	95.91
2016-17	97.44

➔ Production of wheat increased by **nine times** (approx.) from **11 mt** from **1966**.


PerCapita availability of foodgrains – **511gms (2013)**

# Diversified Agriculture

- ▶ The share of non-crop sectors (fishery, forestry and animal husbandry) - **increasing**
  - ▶ Area under commercial crops (sugar, cotton, oilseeds) - **increasing**
  - ▶ Area under superior cereals (rice & wheat) - **increasing.**
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# Modern Agriculture

- ▶ HYVP
  - ▶ Intensive cultivation, multiple cropping, scientific water management.
  - ▶ Adoption of new and scientific techniques of production.
  - ▶ Modern techniques – irrigation, facilities, high – yielding varieties of seeds, tractors and other modern machinery
  - ▶ Agricultural institutions – marketing, credit facilities, warehousing.
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# Land Reforms

- ▶ Independence era – 3 systems of land tenure
    - zamindari, ryotwari & mahalwari
- (more than 25 per cent – rent) → stagnation of agricultural sector .

## THREE Measures :

- a) Abolition of intermediaries
- b) Tenancy reforms
- c) Reorganisation of agriculture

Abolition of Zamindari system – 173 mn acres

# Tenancy reforms – 3 Measures

## 1. Regulation of Rent

- 30 – 75 per cent (before 1947)
- 25 – 50 per cent ( after independence).

## 2. Security of Tenure

- ownership rights (12.42 mn tenants – 6.32mn ha of land)
- Ceiling on Land holdings (18 acres of wetland & 54 acres of unirrigated land)

## 3. Reorganisation of Agriculture

- to solve fragmentation of land holdings by consolidating holdings

# Other Developments

- ▶ Materials @ subsidised rates
- ▶ Credit @ low interest rates
- ▶ Government - procuring products @ prefixed rates
- ▶ Fixation of minimum wage levels.
- ▶ Special Pgms – **IRDP, JRY, MGNREGP**
- ▶ **NFSM (2007-08)** – self-sufficiency (**A3P**)
- ▶ **RKVY** – agricultural mechanisation
- ▶ Integrated scheme of oilseeds, pulses, oil palm & maize
- ▶ **FASAL & ERFS** – scientific & reliable forecasting.
- ▶ Special Schemes – improve production of rubber, bamboo, coffee, etc...

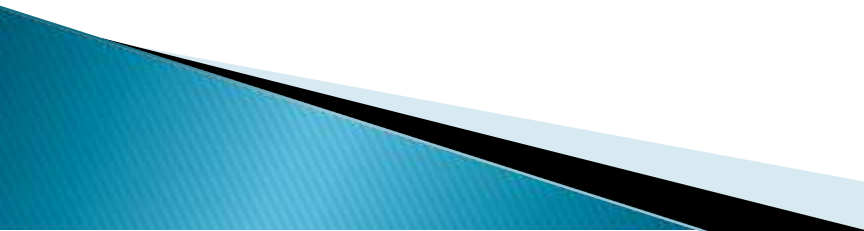
# Problems of Agricultural Sector

- ▶ Slow & Uneven Growth
  - ▶ Not so Modern Agriculture
  - ▶ Flaws in Land Reforms
  - ▶ Financial Issues
  - ▶ Warehousing & Marketing Issues
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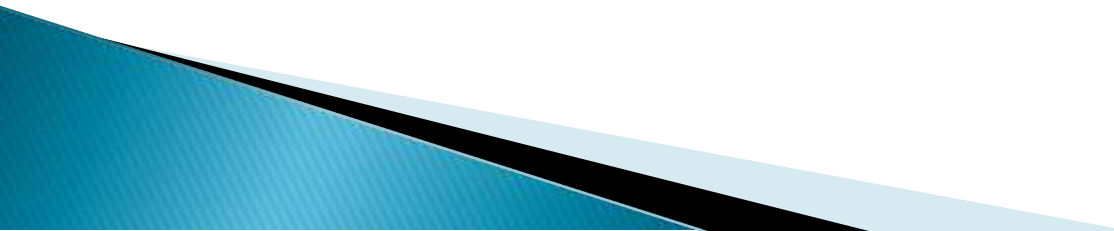
# Problems... Slow & Uneven Growth

- ▶ Poor Performance caused by
  - deficient & uneven rainfall
  - inflationary pressure
  - reduced growth of other sectors.
- ▶ Target growth rates to be achieved (5 yr plans)
- ▶ Unequal growth of crops (Wheat , maize, etc...)
- ▶ Low yield/unit area (In 2015, rice - 2416 kg/ha, wheat -3145kg/ha)
- ▶ Imbalanced regional growth
- ▶ Animal husbandry, fisheries & forestry - ignored

# Not so Modern Agriculture

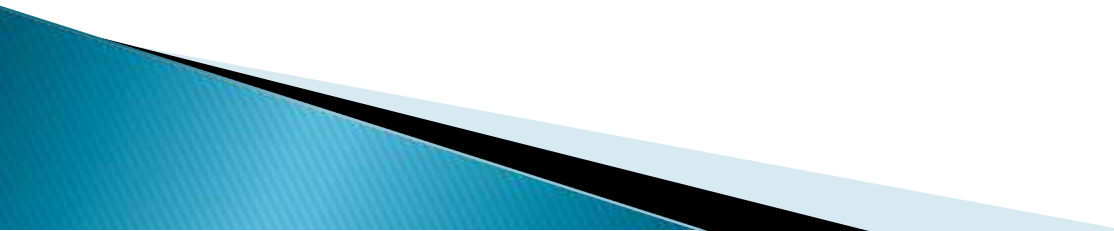
- ▶ 60 per cent net sown area is rain fed – no appropriate dry farming techniques.
  - ▶ Only 40 per cent of gross cropped area has irrigation facilities – increased investment & modern management.
  - ▶ Old methods of farming leading to low productivity.
  - ▶ HYVP covers 44 per cent of gross cropped area – benefits of new technology confined to this area.
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# Flaws in Land Reforms

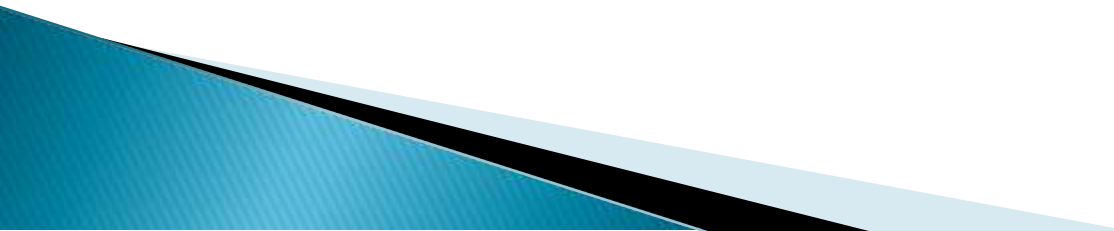
- ▶ Incomplete legislation measures in all states.
  - ▶ Inadequate explanations – ‘personal cultivation & tenants’.
  - ▶ Inadequate land ceiling laws.
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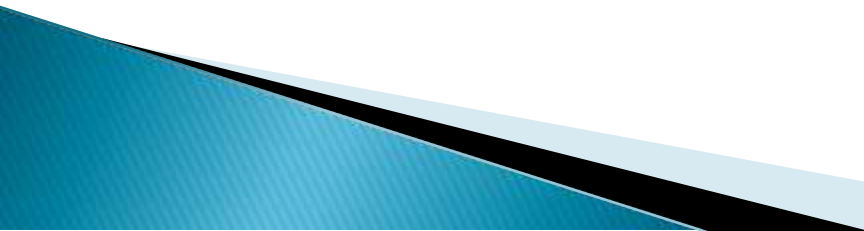
# Financial Issues

- ▶ Agriculture – unorganised sector – FIs reluctant to provide finance.
  - ▶ Main source of credit – money lenders – charged high interest rates i.e., 18 – 50 per cent (27 per cent at present).
  - ▶ Nationalisation of banks – 1969 (14) & 1980 (6).
  - ▶ 1975 – RRBs
  - ▶ 1982 – NABARD
  - ▶ Cooperative credit societies.
  - ▶ Enhanced credit support ...
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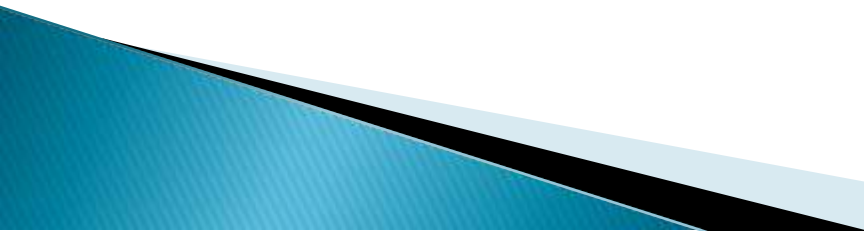
# Contd...

- ▶ 2004 - Farm Credit Package - flow of credit tripled.
  - ▶ 1998 - Kisan Credit Card Scheme - adequate & timely support - more than 970 lakh issued.
  - ▶ 1982 - NABARD - short term & long term rural credit structure.
  - ▶ 2008- Agricultural Debt Waiver & Debt Relief - marginal & small farmers.
  - ▶ Rehabilitation package.
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# Problems in Agricultural Finance

- ▶ Agricultural loans concentrated in certain region & states (nearly half concentrated in Southern States)
  - ▶ Proportion of overdue to demand has been increasing – nearly 40 % of the amount financed does not come back to the society.
  - ▶ Major beneficiaries of the agricultural credit – large & medium farmers.
  - ▶ Lack of experienced & skilled staff in FIs.
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# Warehousing & Marketing Issues

- ▶ Inadequate storage facilities – FCI.
  - ▶ Lack of organisation among farmers – do not get fair price from purchasers.
  - ▶ Problem of intermediaries – fees/commission
  - ▶ Heavy indebtedness – forced to sell at low prices – due to lack of proper transport facilities.
  - ▶ Farmers' Subsistence – low marketable surplus.
  - ▶ Malpractices exist in unorganised agricultural markets – underweighing, levying of unauthorised fees & taxes etc...
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# Contd...

- ▶ Incomplete information about prevailing market conditions – market prices.
  - ▶ Low grading & standardisation.
  - ▶ Network of ration shops & fair price shops - caters to all; total requirements of foodgrains of all vulnerable sectors are not met.
  - ▶ Need to develop marketing infrastructure, storage, warehousing, cold chains driven by modern technology; steps taken i.e., APMC (reforms in marketing), ACABC & KKMS (transfer of technologies & information), National Policy for Farmers(2007), MNAIS & WBCI (coverage for crop loss due to bad weather conditions) – run by Agricultural Insurance Company Ltd.
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# Conclusion

Inspite of all such efforts, the **4 per cent** growth rate in Agriculture is yet to be achieved.

This calls for

**“SECOND GREEN REVOLUTION”**