



# Initiatives By The Indian Government To Improve The Agricultural Economy During Post World Wars – A Study

Mrs.P.Gayathri

Ph.D Scholar

Department of History

NGM College, Pollachi

## Abstract

Inadequate agriculture production laid at the heart of India's development problems in the late nineteenth and early twentieth century's. The rural sector, comprising agriculture and ancillary activities such as animal husbandry, forestry and fishing was the foundation of the colonial economy. It employed about three-quarters of the workforce and produced well over half of national income between the 1860s and 1940s. However, there were also sever productivity constraints, linked to the problems of labor utilization, as well as an endemic scarcity of capital and a lack of investment in irrigation and other capital inputs, creating in turn a shortage of productive land. World Wars are also responsible for the scarcity of agricultural production in India. Governmental measures, such as grant of subsidies for sinking wells, interest free takkavi loans for purchase of seeds, manures etc., were adopted by the Government for the encouragement of agriculture. This paper focuses on the measures taken by the Indian Government for the development of Indian Agriculture.

## Keywords

Agricultural Finance, Cooperative Societies, Agricultural Development Programmes, Irrigation etc.,

## Introduction

India is a land of agriculture with the majority of its population being dependent on land for their livelihood. This livelihood, though not extravagant was in most cases adequate. With the advent of the British, the socioeconomic structure of rural India was destroyed. Agrarian relations underwent major changes, land became a vendible commodity. Pressure on land grew and poverty in agriculture was accentuated. Such a picture of widespread misery made obvious the need for a systematic and coherent agriculture policy. And World Wars are also responsible for the scarcity of agricultural production in India.

As a result, the policy of laissez fair followed by the Government of India (GOI) did not offer much in the way of economic betterment of the millions of Indian agriculturist.<sup>i</sup> Agricultural policies and programmes of government to improve the agricultural economy as follows.

### **Evolution of Agricultural Policy During 1866-1914**

The Government of India first deviated, albeit slightly, from its hitherto laissez-faire policy towards agriculture when in 1866, promoted by devastating famines in Punjab and Rajasthan (1860-61) and in Bihar, Bengal and Orissa (1866-67), it appointed a commission. This commission suggested the setting up of an Agricultural Department but this idea was rejected as being 'premature'.<sup>ii</sup>

The Government of India took the first positive step with regard to agriculture in 1871, when a Department of Revenue, Agriculture and Commerce were established. However, this was not done due to the famine in Central and North Western India, but in order to stimulate the growth of the cotton crop in India to feed the hungry loom of Manchester and Birmingham. This new department was short-lived and was reabsorbed into the Department of Home in 1876, ostensibly on the ground that the provinces were not cooperating with it.

The Famine Commission of 1880 stressed the necessity of establishing agricultural departments in each Province (headed by a Director) whose main function would be collection of agricultural improvements called Departments of Land Records and Agriculture were set up in each Province. This was responsible for collection of data, famine prevention and famine relief. However, other suggestions of the Famine Commission such as extension of communication, development of industries and coordination of agricultural policy were not adequately implemented.

In 1889, the Government of India appointed Dr. J.A. Voelcker, member of the Royal Agricultural Society, as Advisor on Agricultural Conditions in India. His report, made in 1893 after extensively touring the country, pinpointed the economic and social conditions which led to the low productivity of Indian agriculture and emphasized the need for detailed scientific studies regarding the agricultural practices of India.

In 1900, the Famine Commission recommended the appointment of expert advisors to the Provincial Departments. This was promptly implemented. The Co-operative Societies Act (1904), the expansion of Provincial and Central Departments (1905) and the establishment of the Indian Agricultural Service in 1906 showed that the GOI now approached the problems of Indian agriculture with a new earnestness.

These events, compounded with the profusion of new Agricultural colleges in Kanpur, Nagpur, Poona and Coimbatore (1908), ushered in a new phase of awareness in the government and the emphasis shifted from mere palliatives in the form of famine relief and token revenue concessions to more concrete measures such as irrigation works, better seeds etc.<sup>iii</sup>

## During First World War 1914-1929

There was no particular progress in agricultural policy during the First World War. Shortages were met by regulating food grains exports, substantial food grains imports and the maintenance of a rigid system of internal distribution.

The Government of India Act of 1919 put the responsibility of agricultural development on the Provinces and vested the state with the right to promote research and the power to deal with animal and plant diseases. In 1926, the Royal Commission of Agriculture was instructed to examine the rural economy and to make recommendations on agricultural development. However, in keeping with the half-hearted policies of the Government of India, this commission was prevented from analyzing the effects of the prevalent land tenure systems in British India. The Commission submitted its report in 1928, making several recommendations, many of which were accepted and implemented.

The Imperial Council of Agriculture (ICAR) was established in 1929. This was a major landmark in Indian agricultural policy. However, while the ICAR did undertake agricultural research, it was prevented from undertaking large-scale extension due to the onset of the Depression.

In India, the Depression had a very adverse effect on the predominantly agrarian economy which saw a catastrophic fall in agricultural prices. An important landmark during this time was the establishment of the Agricultural Credit Department in 1935. Provincial autonomy led to popular governments in the provinces in 1937. These governments undertook a number of steps to assist farmers, including tenancy laws granting security of tenure and fixity of rent to tenants and money lenders Acts intended to check the activities of moneylenders. However, most of these governments resigned after Second World War broke out in 1939, so that these policies could not be pursued fully.<sup>iv</sup>

## During Second World War 1939-1947

The period of Second World War saw haphazard controls on virtually everything. A number of Prices Control Conferences met and passed resolutions. In 1941, a Wheat Commission was appointed to advise the provincial governments on wheat distribution. In 1943, a revised basic plan was introduced to establish food grains control. In 1943, formal food rationing was introduced in Bombay city and soon was enforced in thirteen cities. The 'Grow More Food' campaign was launched by the Government of India in 1943, after the Bengal Famine. Loans and grants were given by the centre to the states to enable them to increase food production. However, the increase between 1943-47 was 2.5 million tonnes which just sufficed to meet the consumption requirements of the additional population during this period. The advent of independence in 1947 brought about a radical change in government policy, aiming at solving the food problem and rationalizing the agricultural economy.<sup>v</sup>

## Post- War Agricultural Developments

Under the stress of the Second World War, the Government was compelled to take more active interest in agriculture, especially food production and instituted various kinds of controls, rationing of food supplies and a definite procurement policy. The Grow More Food Campaign was initiated in 1943 and loans and grants were given by the Centre and States to enable them to increase production. Government also appointed a number of Committees to examine the report on various aspects of agriculture. These Committees were

- Second Food Grain Policy Committee, 1948.
- Grow More Food Enquiry Committee, 1952.
- Food Grains Enquiry Committee, 1957. <sup>vi</sup>

After independence, the food situation caused anxiety and conditions became worse in large parts of the India following the failure of the monsoon. Steps were taken to make additional supplies available but the position was difficult until the new harvest came on the market. The country had just weathered a serious threat of a breakdown of its rationing system. The results of the “Grow More Food Campaign” were on the whole disappointing. During the three years 1944-45, 1945-46 and 1946-47, India had to import 43.80 lakh of tons of food grains at a cost of over 127 crore of rupees.<sup>vii</sup>

## Cooperative Societies

The cooperative movement in India owes its origin to agriculture and allied sectors. Towards the top of the 19<sup>th</sup> century, the issues of rural liability and therefore the consequent conditions of farmers created an environment for the chit funds and cooperative societies. It is an association of economically weak people as against the rich people who have their own organization like the joint stock companies.

During and after the Second World War, the prices of agricultural commodities went up and agriculturists were enjoying a period of boon. This boon stimulated the expansion of the cooperative movement and the movement developed to an extent. But the fact remained that only 3.1 percent of the total needs of Indian farmers were met by the cooperative credit societies.

In 1951, there were 1, 81,000 cooperative of all types in India and this range exaggerated to manifold within short span of time. Throughout 2001-08 there were 1, 50,000 primary credit cooperatives and some 2, 60,000 non-credit primary societies of all types.

In India there are four major forms of cooperatives.

- The primary credit of service societies.
- Agricultural non-credit societies.
- Agricultural co-operative marketing societies.
- Co-operative farming societies.

The expansion and the reach of cooperatives were highly impressive. Cooperatives provide credit to the farmers, the most needed thing in the farming. Apart from this, Cooperatives help farmers by providing top quality fertilizers, seeds, insecticides, pesticides etc at reasonable price. Farmers also get marketing, warehousing facility and transportation support from the cooperatives. Service cooperative societies help the poor and marginal farmers with tractors, threshers etc on rent. Rural cooperative societies are now entering into real estate, power, insurance, health care and communication sector. If these keeps on working with an objective of development then days are not far when quality of rural life would be far better than urban India. In Tamil Nadu, there are 4474 Primary Agricultural Cooperative Credit Societies (PACCS).<sup>viii</sup>

### **Warehousing Corporation of India**

The storage facilities were not good in India, the Agricultural Finance Sub-Committee (1945) and the Rural Banking Enquiry Committee (1950) emphasized the need for warehousing in India but in vain. Again the All-India Rural Credit Survey recommended the establishment of a National Cooperative Development and Warehousing Board, an All India (central) Warehousing Corporation and a number of State Warehousing Corporations. The

State Warehousing Corporations were entrusted to acquire and build godowns, to run licensed warehouses, manage regulated markets at centres which did distribution work as agents of the Central and State Government and to subscribe to the share capital of cooperative societies. Not only agricultural produce, seeds, fertilizers and implements but oilseeds, cotton (ginned or unginned), spices, chilies and sugar were also stored in warehouses. The commodities for export purposes such as wool, vegetable oils, lac were stored in warehouses. Tobacco, jaggery, coffee, spices and fruits which need special protection were also stored in warehouses.<sup>ix</sup>

### **Agricultural Finance**

Agricultural credit is a diversified and complex subject. The existence of a strong and efficient credit institution is like winning more than half the battle, especially in developing countries and the success of credit oriented development projects is significantly dependent upon the soundness of the credit structure that of the credit institution and the credit system.

The credit requirements of farmers can be classified into two types- productive and unproductive, depending upon the purpose of loan. Productive loans were those taken for carrying out agricultural operations or supply of inputs like seeds and fertilizers which result in a substantial return at a later date and unproductive ones are those taken mostly for consumption purposes and sometimes for religious or social functions. In the recent years, rural credit has become 'production-oriented' due to the institutionalization and supply in installments with provision for supervision. The estimates from the surveys have indicated that the proportion of credit for production purposes rose from 37.3 percent in 1951-52 to 40.1 percent in 1961-62.

The rural credit trends have thus shown favourable changes over the years with greater support from institutions of credit and less dependence on non-institutional agencies. There are two types of financial agencies, namely Institutional and non- Institutional. Takkavi (government), Cooperative societies, National banks come under Institutional agencies. Money lenders, Traders, Merchants, Relatives, Friends and others under non- institutional.<sup>x</sup>

## **Agricultural Developmental Programmes**

### **Intensive Agricultural District Programme (IADP)**

A general strategy of improving irrigation was broadly characteristic of the period till 1960- 1961, a regional approach emphasizing intensive cultivation came to be formulated since then. The package programme which subsequently came to be known as IADP was operated since 1960-61. According to this programme the resources and efforts should be concentrated in districts which enjoyed assured irrigation facilities and which are relatively free from natural hazards.

### **Intensive Agricultural Area Programme (IAAP)**

The object of this scheme has been to intensify the production of cereals by the application of optimal doses of fertilizers and manures and by the use of improved production management practices on the farms. For each crop a package of practices based on local conditions was developed. Its use by the farmers was encouraged by the provision of accompanying services so that farmers secure the advantages of improved technical know-how and a timely supply of inputs. Both governmental and cooperative agencies were pressed into service under the scheme.<sup>xi</sup> Research on pulses financed partly by the Indian Council of Agricultural Research.<sup>xii</sup>

### **High-Yielding Varieties Programme (HYVP)**

The IADP and IAAP schemes had been operating until recently under the limitations imposed by the use of existing crop strains. The emphasis on the use of new varieties of seed with the complementary fertilizer doses became emphatic under the High-Yielding Varieties Programme launched in 1966-67.<sup>xiii</sup>

## **Development of Irrigation during Post Independence Period**

The planning Commission recognized the importance of the development of irrigation to increase agricultural production and assigned priority to it in various plans (Government of India 1972). These included the giant schemes of the Bhakra-Nangal, the Damodar Valley and the Hirakud Project on the river Mahandi. The development of irrigation in India after Independence can be assessed mainly on the basis of various criteria, viz., area, source, potential and utilization and its investments. In 1950-51, 131, 900 thousand hectares of land out of the total geographical area of 328, 726 thousand hectares were under different crops. The use of total cropped area had increased from 131, 900 thousands hectares in 1950-51 to 189, 543 thousand hectares in 1996-97 this shows that major efforts are undertaken to increase the net irrigated through various five year plans.<sup>xiv</sup>

Tank irrigation was of the greatest importance in India. Similarly, wells are another important source of supplies and are responsible for irrigation. Attempts are made to extend for irrigation by means of electric pumps in suitable areas. The Government irrigation works are the very numerous, wells belonging to the cultivators from which nearly a quarter of the whole irrigated area is watered. These are nearly always larger permanent constructions, often with a masonry revetment. New well subsidy scheme was introduced in 1948-49.<sup>xv</sup>

## Conclusion

Agriculture is the foundation of the Indian Economy. Agriculture is key in all economics no matter what their degree of advancement. It meets a portion of the basic human needs by giving food and non-food needs. It provides largest Employee sector. By the Governmental activities, the Government is getting a ton of income from the expansion in Land income. The agricultural sector supports the industrial as well as international trade in both imports and exports. Even though the contribution of agriculture is reducing gradually, it is still most important sector on which most of the working population depends on. These governmental policies aimed at solving the food problem and rationalizing the agricultural economy.

## End Notes

<sup>i</sup> Rajendra Kumar, *Economic History of India*, (New Delhi: Anmol Publications Pvt Ltd, 2006), p. 29.

<sup>ii</sup> *Ibid.*, p.30.

<sup>iii</sup> B.R. Tomlinson, *The Economy of Modern India 1860-1970*, (New Delhi: Cambridge University Press, 1998), p.30

<sup>iv</sup> C.B. Mamoria, *Agricultural Problems of India*, (Allahabad: Kitab Mahal, 1969) , P.783.

<sup>v</sup> Chandra Shekhar Prasad, *Indian Economy A performance Review 1947-48 to 2010-11*, (New Delhi: New Century Publications), p.198.

<sup>vi</sup> C. Arputharaj, *Indian Agricultural Economy*, (Madras: MacMillan India Ltd, 1982), pp.110-111.

<sup>vi</sup> *Ibid.*, p.112.

<sup>vii</sup> *Grow More Food, A Summary of Measures taken and Concessions given by the Government*, (Madras: Government Press, 1935),p.26.

<sup>viii</sup> Available at [www.pib.nic.in](http://www.pib.nic.in).

<sup>ix</sup> C. Arputharaj, *Indian Agricultural Economy*, (Madras: MacMillan India Ltd, 1982), p.824

<sup>x</sup> C. Arputharaj, *Op.cit.*, p.117.

<sup>xi</sup> *Ibid.*, pp. 153-154.

<sup>xii</sup> *Administration Report of the Agricultural Department 1950-51*, (Madras: Government Press, 1952), p.22.

<sup>xiii</sup> C. Arputharaj, *Op.cit.*, p.154.

<sup>xiv</sup> Sanatan Nayak, *Irrigation and Economic Development*, (New Delhi: Abhijeet Publications, 2005), p.6.

<sup>xv</sup> *Administrative Report 1947-48*, (Madras: Government Press, 1949), p.11.