



# AN ANALYSIS OF THE AGRICULTURAL CRISIS IN INDIA

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## ABSTRACT:

Agrarian crisis in India is a serious issue of concern as it is adversely affecting the livelihood of people who depend on agriculture. It refers to sluggish growth of agricultural sector due to decline in agricultural productivity and profitability. The average farm size in India is small, with around 85 percent of farms being less than 2 hectares in size, which can make it difficult for farmers to be profitable. The study aims to examine the nature of agriculture crises, the Characteristics and Features of Indian Agriculture, the challenges and Government Initiatives, Policies and Measures Related to Agriculture in India, the recent trends in agriculture in India. The study secondary data has only been used in the paper for analytical understanding.

**Keywords:** Gross Domestic Product, Agricultural Exports, Marketing, Cropping Pattern, Economic Recession.

## INTRODUCTIN:

As the backbone of the Indian economy, the agriculture industry contributes to around 16.5% of India's GDP. As of 2022, the Indian agriculture market value stood at USD 435.9 billion and is expected to reach USD 580.82 billion by 2028, growing at a CAGR of around 4.9% between 2023 and 2028.

Agriculture (including allied activities) accounted for only 18 per cent of the Gross Domestic Product (GDP-at constant prices) in 2007-08 (Economic Survey 2008-09), but it is a source of income and employment for more than two-thirds of the nation's population. The role of agricultural sector remains critical as it accounts for about 52 per cent of the employment in the country, apart from being the provider of food for the people, fodder for livestock and raw materials to industries. In fact, agricultural sector contributed 12.2 per cent of national exports in 2007-08 (Economic Survey 2008-09).

Based on the fact that the relative contribution of agriculture to the GDP has been declining over time, it could be stated that this sector has lost its importance as the backbone of Indian Economy. Agriculture is now being seen by many as a sector of "cows and poultry", and the crop husbandry as a dismal area. In general, the poor performance of agricultural production and food production is not a healthy sign for the economy. The recent trends in the agricultural sector of India need to be looked at in the context of globalization process and its impact on Indian economy. The present paper is an attempt in this direction.

### **OBJECTIVES:**

- To examine the nature of agriculture crises.
- To study about the Characteristics and Features of Indian Agriculture.
- To examine the challenges and Government Initiatives, Policies and Measures Related to Agriculture in India.
- To analyse the recent trends in agriculture in India.

### **METHODOLOGY:**

The present study based on the secondary data which have been collected from Books, journals and internet etc.

### **NATURE:**

The nature of the current agrarian crisis as observed from various literatures is briefly elaborated as follows. First, there has been a decline in the trend growth rate of production as well as productivity for almost all crops from the mid-nineties. Further, the value of output from agriculture has been declining from late nineties (CSO). Second, there is an excessive dependence of a large section of the population on agriculture (in 2011 census nearly 55 percent of the rural persons were from households whose members major activity status was either self-employed in agriculture or agricultural labour). This also indicates that rural non-farm employment opportunities are limited. Third, with declining size-class of holding and an increasing prevalence of marginal holdings (67 per cent as per 2010-11 agricultural census) along with poor returns from cultivation indicates that income for farm households is very low. Fourth, the much talked about green revolution had a greater focus on rice and wheat under irrigated condition bypassing crops and regions under rain fed or dry land conditions (which is three-fifths of the 141 million hectares of net sown area in the country during 2003-04). There has been a failure to take advantage of on the vast network of institutes to provide and regulate new technology (including the usage of biotechnology), and a virtual absence of extension service. Fifth, the neglect of agriculture in plan resource allocation has led to a decline of public investments in irrigation and other related infrastructure. Sixth, supply of credit from formal sources to the agricultural sector are inadequate leading to greater reliance on informal sources at higher interest burden. Last, but not the least, with changing technology and market conditions the farmer is increasingly being exposed to the uncertainties of the product as well as factor. (Mishra, S., 2007). Thus, there are multiple risks in agriculture income, yield, price, input, technology and credit.

## CHARACTERISTICS AND FEATURES OF INDIAN AGRICULTURE

Indian agriculture is characterized by its dependence on the monsoon, labour-intensive practices, and small landholdings. Traditional methods of production dominate, resulting in low output. Agriculture serves as the primary livelihood for about 61% of the population and contributes to 25% of the national income. It is dominated by food crops, with 75% of cultivated land allocated to crops like Wheat and Rice.

**Primary Livelihood Source:** Agriculture is the primary occupation in India, providing employment to approximately 61% of the total population. It contributes to about 25% of the national income.

**Dependence on Monsoon:** Indian agriculture heavily relies on the monsoon season. A good monsoon leads to increased production, while inadequate rainfall can result in crop failures. Floods can also sometimes damage crops. Due to limited irrigation facilities, agriculture is mostly dependent on monsoon rains.

**Labour-Intensive Cultivation:** With the increasing population, there's increased pressure on landholdings, leading to fragmentation and subdivision, making them uneconomical. As a result, machinery and equipment cannot be effectively used on such small farms.

**Underemployment:** Inadequate irrigation and uncertain rainfall lead to lower agricultural production. Consequently, farmers find work only a few months a year, resulting in underemployment and disguised unemployment.

**Small Landholdings:** Due to extensive sub-division and fragmentation of holdings, landholding sizes are small. The average size of landholding in India is 2.3 hectares, compared to 1993 hectares in Australia and 158 hectares in the USA.

**Traditional Production Methods:** Agricultural methods and equipment in India are predominantly traditional, stemming from poverty and illiteracy. This traditional technology is a major factor contributing to low production.

**Low Agricultural Output:** Agricultural production in India is low compared to other countries. India produces 27 quintals of wheat per hectare, while France produces 71.2 quintals per hectare and Britain produces 80 quintals per hectare. The average annual productivity of an agricultural labourer in India is 162 dollars, compared to 973 dollars in Norway and 2408 dollars in the USA.

**The dominance of Food Crops:** 75% of India's cultivated land is dedicated to food crops such as Wheat, Rice, and Bajra, while only 25% is allocated to commercial crops. This skewed pattern contributes to the backward state of agriculture.

## CHALLENGES OF INDIAN AGRICULTURE

Indian agriculture faces challenges including reliance on monsoons, outdated cropping patterns, unequal land ownership, land fragmentation, and insecure land tenure. Additional issues include poor conditions for agricultural labourers, soil depletion, inadequate irrigation, lack of mechanization, inefficient agricultural marketing, and insufficient transport infrastructure. These challenges hinder productivity and growth.

**Instability:** Reliance on the monsoon makes Indian agriculture vulnerable to yearly fluctuations in rainfall. This results in inconsistent food-grain production, with years of abundance followed by years of scarcity.

**Cropping Pattern:** Indian crops fall into two categories - food crops and non-food crops. Food crops, including food grains and sugarcane, comprise a majority of cultivated land, while non-food crops like fibres and oilseeds make up the remainder.

**Land Ownership:** Although agricultural land ownership is widely distributed, it is concentrated in the hands of a few rich farmers, landlords, and money lenders. Most farmers own little to no land due to unequal land distribution, which is exacerbated by frequent changes in land ownership.

**Sub-Division and Fragmentation:** Increasing population and the breakdown of joint families have led to the subdivision of agricultural land into smaller plots. Small farmers often sell portions of their land to repay debt, further fragmenting holdings.

**Land Tenure:** In the pre-independence era, tenants had insecure tenures and could be evicted anytime. Post-independence measures have aimed to improve tenancy security, but the land tenure system still needs improvement.

**Conditions of Agricultural Labourers:** Agricultural labourers in India face poor working conditions. Surplus labour and disguised unemployment lead to wage rates below subsistence levels.

**Manures, Fertilizers, and Biocides:** Indian soils have been used for centuries without proper replenishment, leading to soil depletion and low crop yields. Solving this issue requires increased use of manures and fertilizers.

**Irrigation:** Despite being the world's second-largest irrigated country after China, only one-third of India's cropped area is under irrigation. Assured irrigation is crucial for sustainable agricultural progress in a country with uncertain and erratic rainfall.

**Lack of Mechanization:** Large parts of Indian agriculture still rely on manual labour using simple tools like wooden ploughs and sickles. The limited use of machinery in various agricultural processes hampers productivity.

**Agricultural Marketing:** Poor marketing facilities force farmers to rely on local traders and middlemen, leading to the sale of farm produce at low prices.

**Inadequate Transport:** A lack of cheap and efficient transportation options hinders Indian agriculture. Many villages remain poorly connected to main roads and market centres.

## GOVERNMENT INITIATIVES, POLICIES AND MEASURES RELATED TO AGRICULTURE IN INDIA

The Indian government has introduced various initiatives and policies to support the agricultural sector and improve farmers' livelihoods. Some key initiatives include:

**National Agriculture Market (eNAM):** A pan-India electronic trading portal connecting existing APMC mandis, aimed at promoting uniformity in agricultural marketing and real-time price discovery.

**National Mission for Sustainable Agriculture (NMSA):** Focuses on integrated farming, water use efficiency, soil health management, and resource conservation. It includes schemes like Rainfed Area Development, Soil Health Management, Sub Mission on Agro-Forestry, Paramparagat Krishi Vikas Yojana, and more.

**Pradhan Mantri Krishi Sinchai Yojana (PMKSY):** Aims to extend irrigation coverage, improve water use efficiency, integrate water source management, and promote sustainable water conservation practices.

**Paramparagat Krishi Vikas Yojana (PKVY):** Promotes organic farming, encourages farmers to form groups for organic farming, and improves farmer income.

**Pradhan Mantri Fasal Bima Yojana (PMFBY):** A government-sponsored crop insurance scheme that provides insurance coverage and financial support to farmers in the event of crop failure due to natural calamities, pests, or diseases.

**Gramin Bhandaran Yojana:** Offers subsidies for building or repairing rural godowns to create scientific storage capacity with allied facilities in rural areas.

**Livestock Insurance Scheme:** Provides protection against the loss of animals due to death, with benefits including coverage for natural accidents, surgical operations, terrorist acts, strikes, riots, and civil commotion.

**Micro Irrigation Fund (MIF):** A dedicated fund set up under NABARD to bring more land under micro-irrigation.

**Soil Health Card Scheme:** Assists State Governments in issuing Soil Health Cards to farmers, providing information on soil nutrient status and recommendations for improving soil health.

**Neem Coated Urea (NCU):** Regulates urea use, enhances nitrogen availability, and improves soil health management.

**Rainfed Area Development Programme (RADP):** This aims to improve the quality of life for farmers, increase agricultural productivity in rainfed areas, and provide livelihood support.

**National Watershed Development Project for Rainfed Areas (NWDPR):** Focuses on conservation, sustainable management of natural resources, and ecological restoration.

**Farm Bills:** Includes the Farmers' Produce Trade and Commerce Act, Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, and Essential Commodities (Amendment) Act, aimed at expanding trade areas, allowing pre-arranged contracts, and removing stockholding limits on agricultural items.

### TRENDS IN SHARE OF AGRICULTURE AND ALLIED SECTORS IN INDIA'S GDP

As per the Second Advance Estimates of National Income, 2022-23 released by Ministry of Statistics & Programme Implementation (MoSPI), the share of Gross value added (GVA) of agriculture and allied sectors in total economy and growth of GVA of agriculture and allied sectors for the years of 2020-21, 2021-22 and 2022-23 are as under:

Year	Share of GVA of agriculture and allied sectors in total economy (%) at current prices	Growth of GVA of agriculture and allied sectors (%) (at 2011-12 prices)
2020-21	20.3	4.1
2021-22	19.0	3.5
2022-23	18.3	3.3

Source: pib.gov.in

This information was given by the Union Minister of Agriculture and Farmers Welfare, Shri Narendra Singh Tomar in a written reply in Lok Sabha today.

### SHARE OF AGRICULTURE AND OTHER SECTORS TO GDP

YEAR	AGRICULTURE (Per cent to Total GDP)	INDUSTRY (Per cent to Total GDP)	SERVICE (Per cent to Total GDP)
2011	17.19%	30.16%	45.44%
2012	16.85%	29.4%	46.3%
2013	17.15%	28.4%	46.7%
2014	16.79%	27.66%	47.82%
2015	16.17%	27.35%	47.78%
2016	16.36%	26.62%	47.75%
2017	16.56%	26.5%	47.67%
2018	16.03%	26.41%	48.43%
2019	16.73%	24.6%	50.11%
2020	18.23%	24.53%	48.44%
2021	16.82%	25.89%	47.51%

Source: statista

In 2021, 43.96 percent of the workforce in India were employed in agriculture, while the other half was almost evenly distributed among the two other sectors, industry and services. While the share of Indians working in agriculture is declining, it is still the main sector of employment.

Agriculture which contributed to around 17.19 percent to GDP in 2011, has marginally fallen to 16.82 percent in 2021.

## THE CHALLENGES THAT INDIA'S AGRICULTURE DOMAIN FACES

Agriculture is a major contributor to India's economy and accounts for about 18 per cent of the country's GDP; it provides employment to nearly 50 per cent of India's population

1. **Lack of access to credit & finance:** Small and marginal farmers often face difficulties in accessing credit and financial services. Limited availability of affordable credit restricts their ability to invest in modern farming equipment and quality seeds and fertilizers, hampering their productivity.
2. **Small landholdings:** Average farmers are small landholders, leading to fragmented and uneconomical farming practices. This makes it challenging for them to adopt modern agricultural methods and technologies, resulting in lower productivity.
3. **Outdated farming practices:** A significant portion of Indian farmers still rely on traditional and outdated farming methods. Limited access to information, lack of awareness about modern techniques and resistance to change hinder the adoption of advanced farming practices.
4. **Water scarcity & irrigation:** India's agriculture is heavily dependent on monsoon rain, making it vulnerable to droughts and inconsistent rainfall patterns. Access to irrigation facilities and water management are crucial challenges, particularly in regions with limited water resources.
5. **Soil degradation & land erosion:** Improper land use practices, excessive use of chemical fertilizers and pesticides and inadequate soil conservation measures contribute to soil degradation and erosion. This leads to reduced soil fertility and increased vulnerability to pests and diseases, besides reducing agricultural productivity.
6. **Inadequate agricultural infrastructure:** Insufficient storage and cold chain facilities, inadequate rural roads and limited access to markets contribute to post-harvest losses. These infrastructure gaps add to the cost of production and limit farmers' ability to fetch fair prices for their produce.
7. **Market volatility & price fluctuations:** Farmers in India often face price volatility due to lack of effective market linkages, intermediaries and price information. This leaves them vulnerable to price exploitation and uncertain returns on their investments.
8. **Climate change & natural disasters:** Increasingly unpredictable weather patterns, climate change and occurrences of natural disasters—such as floods, cyclones and droughts—pose significant challenges to the country's agriculture industry. These events can lead to crop losses, livestock mortality and increased vulnerability for farmers.
9. **Limited access to technology & research:** Limited access to agricultural extension services, modern technologies and scientific research hinders the adoption of innovative practices. Farmers require better dissemination of knowledge, training and access to affordable technology solutions tailored to their needs.



10. **Lack of farmers' empowerment:** Farmers' voices and representation in policy-making processes are often inadequate. Restricted farmers' empowerment and involvement result in policies and initiatives that may not address their specific challenges effectively.

## CONCLUSION

Present challenges in Indian agriculture include a dearth of knowledge and inadequate infrastructure, particularly in rural areas. Issues such as deficient irrigation, market and transport limitations, impose substantial costs on farmers. Insufficient delivery systems further compound these challenges. Although various development schemes for agriculture exist, the absence of an effective delivery mechanism hampers efforts to enhance productivity, reduce costs, and improve price realization at the grassroots level. Lack of government support exacerbates these issues. Corporate farming emerges as a potential solution for the Indian agrarian sector, necessitating thoughtful consideration, innovations, and improved policies to prevent significant losses for both business houses and farmers.

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