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Study of Current Standing of Indian Agriculture Sector: Challenges and Opportunities in New Era

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ABSTRACT

The Indian agricultural region debts for 13.9% of India's gross domastic product (GDP) and employs only a little much less than 54.6% of the country's workforce. The Department of Agriculture and Cooperation beneath the Ministry of Agriculture is the nodal organisation liable for the improvement of the agriculture region in India. The reason of the look at is to apprehend the fame of Indian agriculture region, numerous sorts of challenges, and limitations in the front of farmers, agro enterprise and governments for the improvement in agriculture in essential uncontrollable environments, additionally to understand numerous Government initiatives, investments, regulations for the improvement of agriculture and position of agriculture in Indian economy.

1. Introduction

Agriculture constitutes the most significant part of Indian Economy. It has undergone rapid transformation in the past two decades; the policies of globalization and liberalization have opened up new avenues foragricultural modernization. This has led to not only commercialization and diversification, but also triggered various technological and institutional innovations owing to investments in sector. Agriculture is the most important occupation for most of the Indian families. Over 58% of the rural households depend on agriculture as their principal means of livelihood. Agriculture, along with fisheries and forestry, is one of the largest contributors to the Gross Domestic Product (GDP). In India, agriculture contributes about sixteen percent (16%) of total GDP and ten percent (10%) of total exports. Over 60 % of India's land area is arable making it the second largest country in terms of total arable land. Indian agriculture has registered impressive growth over last few decades. The food grain production has increased from 51 million tonnes (MT) in 1950-51 to 250MT during 2011-12 highest ever since independence (Kekane M. A., (2013). The agricultural products of significant economic value include rice, wheat, potato, tomato, onion, mangoes, sugar-cane, beans, cotton, etc.

2. Objectives of the Study

The main objectives of the present study were as follows:

1. To know the current status of agriculture in India.
2. To study the various types of investment and government initiatives for the development of agricultural sector in India.
3. To identify the challenges and role of agriculture in Indian economy.

3. Research Methodology

The secondary data collection method was used for data collection. The details of which are Given below:

Current Status

The Directorate of Economics and Statistics, Ministry of Agriculture (DESMOA) is responsible for the collection:

A. Weekly and daily wholesale prices

B. Retail prices of essential commodities

C. Farm harvest prices

The weekly wholesale prices cover 140 agricultural commodities from 620 markets. Retail prices of essential commodities are collected on a weekly basis from 83 market centers in respect of 88 commodities (49 foods and 39 non-foods) by thestaff of the State Market Intelligence Units, State Directorates of Economics and Statistics (DESs) and State Department of Food and Civil Supplies. Farm Harvest Prices are collected by the field staff of the State revenue departments for 31 commodities at the end of each crop season and published by the DESMOA.

4. Analysis of Data and Information

4.1 Investments in agricultural sector in India

Some major investments and related developments in agriculture in the recent past are as follows:

Mahindra and Mahindra (M&M), India's leading tractor and utility vehicle manufacturer, announced its entry into pulses retailing under the brand 'NuPro'. Going forward, the company plans to foray into e- retailing and sale of dairy products.

Fertilizer cooperative IFFCO launched a joint venture with Japanese firm Mitsubishi Corp for manufacturing agrochemicals in India.

Acumen, a not-for-profit global venture fund, has invested Rs 11 crore (US$ 1.7 million) in Sahayog Dairy, an integrated entity in the segment, based at Harda district in Madhya Pradesh.

Rabo Equity Advisors, the private equity arm of Netherlands-based Rabo Group, raised US$ 100 million for the first close of its second fund- India Agri Business Fund II. The fund plans to invest US$ 15–17 million in 10–12 companies.

Oman India Joint Investment Fund (OIJIF), a joint venture (JV) between the State Bank of India (SBI) and State General Reserve Fund (SGRF), invested Rs 95 crore (US$ 14.62 million) in GSP Crop Science, a Gujarat-based agrochemicals company.

The world's seventh-largest agrochemicals firm, Israel-based ADAMA Agrochemicals plans to invest at least US$ 50 million in India over the next three years.

Belgium-based Univeg has collaborated with Mahindra & Mahindra to develop a fresh fruit supply chain.

Companies from the US, Canada, Australia, Israel, the Netherlands and other European countries have shown strong interest to transfer the best practices, linkages between scientific institutes, agriculture storage, cold-chain management, market access, and productivity enhancement such as the introduction of new technology in seed and plant biotech.

Canada-based International Food Security Research Fund has major investments in food security research in several Indian universities. These strengthen food-processing and sustainable agricultural techniques.

4.2 Government Initiatives

Some of the recent major government initiatives in the agricultural sector are as follows:

India and Lithuania have agreed to intensify agricultural cooperation, especially in sectors like food and dairy processing.

Gujarat Government has planned to connect 26 Agricultural Produce Market Committees (APMCs) via electronic market platform, under the National Agriculture Market (NAM) initiative.

The State Government of Telangana plans to spend Rs 81,000 Crore (US$ 12.1 billion) over the next three years to complete ongoing irrigation projects and also undertake two new projects for lifting water from the Godavari and Krishna river.

The National Dairy Development Board (NDDB) announced 42 dairy projects with a financial outlay of Rs 221 Crore (US$ 34.02 million) to boost milk output and increase per animal production of milk.

The government planned to invest Rs 50,000 Crore (US$ 7.7 billion) to revive four fertilizer plants and set up two plants to produce farm nutrients.

The Ministry of Food Processing Industries took some new initiatives to develop the food-processing sector that would enhance the income of farmers and export of agro and processed foods, among others.

The Government of Telangana allocated Rs 4,250 crore (US$ 654 million) for the first phase of the farm loan waiver scheme. The scheme is expected to benefit 3.6 million farmers who took loans of Rs 100,000 (~US$ 1,539) or below before March 31, 2014.

4.3 Major Challenges

The agriculture sector in India has undergone significant structural changes in the form of decrease in share of GDP from 51.90% in 1950- 51 to 17.00% in 2014-15 indicating a shift from the traditional agrarian economy towards a service dominated one. This decrease in agriculture's contribution to GDP has not been accompanied by a matching reduction in the share of agriculture in employment. However, within the rural economy, the share of income from non-farm activities has also increased.

The eleventh five year plan (2007-12) witnessed an average annual growth of 3.6% in the agriculture and allied activities sector, when compared with a target of 4.0% during the period. Growth in this sector has not only fallen short of the said target but has also been highly uneven. Growth in FY11 was as high as 7.9%, after near stagnation in the previous two years, followed by lower growth rates in FY12 and FY13 Agricultural production has been adversely impacted by delayed and uneven monsoons in FY13. Production of all major agro-commodities such as food grains, oilseeds, cotton and sugarcane has witnessed negative growth; in particular, food grains production is expected to decline by 3.5% in FY13.

The average size of operational holdings in India has diminished progressively from 2.28 ha in 1970-71 to 1.55 ha in 1990-91 to 1.07 ha in2014-15. As per Agriculture Census 2014-15, the proportion of marginal holdings (area less than 1 ha) has increased more than 65 % till 2014-2015.

Fertilizer forms another important input in agriculture growth. While the overall consumption of fertilizer has increased. Overall, Indian fertilizer consumption grew by 6% from 45 MMT in FY07 to 60 MMT in FY12, following which it fell sharply by 11% to 53 MMT in FY13 due to high channel inventory and weak monsoon. Also, increase in the P&K prices post NBS led to demand destruction with NPK sales falling by 23% in FY13. The demand revived in FY15, with overall volumes rising by 6% driven by the healthy sales of P&K fertilizers

Credit to buy modern inputs for farming operations, is a facilitator in this change. While the overall credit to agriculture has been growing phenomenally during the last five years or so, and the interest rates for farmers have also been reduced to 7% (4% after taking into account the 3% subvention in interest for timely repayment of crop loans), yet the biggest challenge remains in terms of increasing access to credit, particularly for the bottom 40%. More innovative models are needed to reach this category as they rely largely on the informal sector for credit with high rates of interest.

Achievement of food and nutrition security and alleviation of poverty and unemployment on a sustainable basis depend on the efficient and judicious use of natural resources (land/ soil, water, agri-biodiversity and climate). Inefficient use and mismanagement of productive resources, especially land, water, energy and agro-chemicals has vastly reduced fertility anddamaged the physical, chemical and biological properties of the soil. The limit of landavailability for agriculture has already reached. Our continued inability to judiciously usethese non-renewable natural resources can have serious implications.

5. Findings and Conclusions

Though, with the growth of other sectors, the overall share of agriculture on GDP of the country has decreased. Still, Agriculture continues to play a dominant part in the overall economic scenario of India. (Posted on 30 June 2017).

Recent economic data of India showed that, agriculture has acquired 18 percent of India's GDP. As per estimates by the Central Statistics Office (CSO), the share of agriculture and allied sectors (including agriculture, livestock, forestry and fishery) was 16.1% of the Gross Value Added (GVA) during 2014–15 at 2011–12 prices. During Q1 FY2016, agriculture and allied sectors grew 1.9% year-on-year and contributed 14.2% of GVA.

Agricultural export constitutes 10% of the country's exports and is the fourth-largest exported principal commodity. The agro industry in India is divided into several sub segments such as canned, dairy, processed, frozen food to fisheries, meat, poultry, and food grains. The Department of Agriculture and Cooperation under the Ministry of Agriculture is responsible for the development of the agriculture sector in India. It manages several other bodies, such as the National Dairy Development Board (NDDB), to develop other allied agricultural sectors.

Over the recent past, multiple factors have worked together to facilitate growth in the agriculture sector in India. These include growth in household income and consumption, expansion in the food processing sector and increase in agricultural exports. Rising private participation in Indian agriculture, growing organic farming and use of information technology are some of the key trends in the agriculture industry. As per the 4th Advance Estimates, food grain production is estimated at 252.68 million tonnes (MT) for 2014-15. Production of pulses estimated at 17.20 million tonnes.

With an annual output of 138 MT, India is the largest producer of milk. It also has the largest bovine population. India is the largest importer of pulses at 19.0 MT and 3.4 MT, respectively. India, the second-largest producer of sugar, accounts for 14% of the global output. It is the sixth- largest exporter of sugar, accounting for 2.76% of the global exports. Due to its importance in national output and employment, agriculture was paid special attention by India's policy makers and development planners which helped this sector to play an important role in economic development of the country and in improving income and living standard of vast population dependent on agriculture. Finally, it has been concluded that agriculture sector has a lot of challenges in current uncontrollable environmental factors. There is a need of government intervention in agriculture investment, supporting policies for the growth of agro-productivity, export-import and contribution in GDP. Role of agro-industry, agro-allied business need a proper management of their inputs into outputs to achieve the objectives of agriculture sector in India.

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