

AGRICULTURAL DEVELOPMENT , MAHENDRA DEV (2012)

Part 1 –

Policies employed in agriculture

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Why agriculture is relevant to us ?

Agriculture plays a pivotal role in Indian economy although its contribution to GDP is now around one-sixth of the total, it provides employment to 56 percent of the Indian workforce. Also the **forward and backward linkage effect** of agriculture growth increases incomes in the non-agricultural sector.

The growth of some commercial crops **has significant potential for promoting exports of agricultural commodities** and bringing about faster development of agro-based industries.

This is also the **most inclusive sector** of the economy as it not only contributes to overall growth but also reduces poverty and provides employment to masses.

Keeping the importance of agriculture in mind ,now, let just look at set of policies employed by the centre for agriculture development in the countryside.

Policies since independence

Agriculture is a state subject under the constitution . However , the centre government plays a crucial role in shaping agricultural policies .

Broadly , agricultural development polices over time can be divided into four sets of policy packages :

1. Institutional reforms
2. Public investment policies
3. Incentive policies
4. Reforms and globalization policies

Institutional and investment policies (1950-65)

During the first three five year plans institutional reforms and public investment packages dominated . The central and state governments enacted a number of laws regarding land reforms . These laws mainly related to three aspects :

A Abolition of zamindari system

B land ceiling and redistribution of land

C Tenancy reforms

The government was successful in abolishing the zamindari or intermediary system after paying compensation to the zamindars.

- The land ceiling laws were not effective although there was redistribution of some land to the beneficiaries .
- The tenancy reforms were more successful in two states – West Bengal in the east and Kerala in the south – than in the others.
- West Bengal succeeded in giving ownership rights to tenants , particularly sharecroppers (bargardars).
- Since independence some efforts have been made to consolidate fragmented land holdings. These efforts have been relatively successful in some parts of north and north west India .

- There was significant public investment in agriculture during 1950-65. to achieve the objective of self sufficiency in food grains , there was massive investment particularly in constructing irrigation reservoirs and distribution systems .
- Another important policy during this period was the expansion of institutional credit which helped reduce informal sources that had been exploitative with respect to interest rates and terms and conditions associated with it.

Incentive policies (1967- 90)

- During this period incentive policies for adoption of new technology and public investment policies dominated government strategy.
- After the humiliating experience with the import of food grains in the mid 1960s , there was a vigorous drive for achieving self sufficiency by stepping up public investment in irrigation and introduction of new technology through incentives.
- There was a need to increase domestic food production at a faster rate by much higher productivity without upsetting the agrarian structure.
- This was possible to do so , as that time dwarf varieties of rice and wheat were available in Philippines and Mexico respectively.

- Yields increased significantly for wheat initially and later for rice. This breakthrough is known as green revolution popularly .
- The productivity improvement associated with green revolution is best described as forest or land-saving agriculture.
- As the mentioned earlier initially regional disparities gone up but later in 1980s green revolution spread to other areas as well particularly to the eastern and western regions .
- Small farmers adopted new technology because of which relative prices of food grains declined and real wages in agriculture started to increase especially in the less developed regions.

- Incentive policies focused on both input and output, subsidies for inputs like irrigation , credit , fertilizers and power increased significantly in the 1970s and 1980s
- Similarly on the output side , there has been a comprehensive long term procurement-cum-distribution policy the post green revolution period .
- Government announced support prices at sowing time and agreed to buy all the grains offered for sale at this price .
- To support these operations , Food Corporation of India (FCI) AND Agriculture Price Commission (APC)were established in mid 1960s.

Reforms policies (Post 1991)

- Post 1991 , economic reforms in India have improved the incentive framework and agriculture has benefited from reduction in protection to industry. The term of trade for agriculture have improved and private investment has increased.
- Export of commodities , particularly cereals , has risen and there has been some progress on market reforms in terms of removing domestic and external controls
- However ,there were also concerns about agriculture and food security in the 1990s. There has been emphasis on price factors at the cost of non price factors like research and extension , irrigation and credit.

- Reforms have largely neglected agriculture and only in the last few years that domestic and external trade reforms in the sector have started.
- Trade policies in India during the last five decades have been highly interventionist and discriminating against agriculture.
- Trade liberalization in agriculture was faster towards the end of the 1990s in tune with WTO agreements.
- There has been considerable progress in the liberalization of export controls and quantitative controls on imports and on decontrol of domestic trade