

Impact on Agriculture in Poverty Alleviation in India

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ABSTRACT

India's strategy for reducing poverty and hunger has always placed a great deal of importance on the agricultural sector, reflecting the fact that 70 per cent of the population live in rural areas and the overwhelming majority of them depend upon agriculture as their primary source of income. The focus of attention has of course changed over time. In the 1960s India was deficient in food grain production and dependent on imports of wheat, financed by PL480 assistance from USA. Understandably, the focus of Indian policy in this period was to increase food grain production with a view to ensuring food security. This objective was successfully achieved by the spread of the Green Revolution in the 1970s, beginning with wheat and then expanding to rice. This achievement must count as one of the major success stories in development,

1. INTRODUCTION

In the 1980s, Indian policymakers shifted their focus from food self sufficiency to generating additional income in rural areas as a means of tackling the problem of poverty. Acceleration of agricultural growth, with a special focus on small farmers and extending the productivity revolution to non-irrigated areas was seen as a critical part of the strategy for poverty alleviation. Growth of agricultural gross domestic product (GDP) accelerated to about 4.7 per cent in the 1980s, compared with only 1.4 per cent in the 1970s. Slower growth in agriculture also has direct implications for poverty reduction in rural areas. As a country grows and shifts from the low income to the middle income category, the nature of agriculture typically changes from subsistence-oriented farming to more commercialized and market farming.

While agriculture's share in India's economy has progressively declined to less than 15 per cent due to the high growth rates of the industrial and services sectors, the sector's importance in India's economic and social fabric goes well beyond this indicator. First, nearly three-quarters of India's families depend on rural incomes. Second, the majority of India's poor (some 770 million people or about 70 percent) are found in rural areas. And third, India's food security depends on producing cereal crops, as well as increasing its production of fruits, vegetables and milk to meet the demands of a growing population with rising incomes. To do so, a productive, competitive, diversified and sustainable agricultural sector will need to emerge at an accelerated pace. India is a global agricultural powerhouse. It is the world's largest producer of milk, pulses, and spices, and has the world's largest cattle herd (buffaloes), as well as the largest area under wheat, rice and cotton. It is the second largest producer of rice, wheat, cotton, sugarcane, farmed fish, sheep & goat meat, fruit, vegetables and tea. The country has some 195 million hectare under cultivation of which some 63 percent are rain fed (roughly 125m ha) while 37 percent are irrigated (70m ha). In addition, forests cover some 65m ha of India's land.

2. OBJECTIVES OF THE STUDY

THE STUDY IS BASED ON THE FOLLOWING OBJECTIVES

- To analysis causes for poverty in India
- To examine the relationship between agricultural growth and poverty in india

3. METHODOLOGY

The study is based on secondary data compiled from various published sources viz. The Directorate of Economics and Statistics (DES), Ministry of Agriculture; Central Statistical Organization, Government of India research papers and journals etc.

4. REVIEW OF LITERATURE

Agricultural growth has long been recognized as an important instrument for poverty reduction Loayza and Raddatz (2010) on the basis of study of relationship between growth and poverty in more than 50 countries found that agriculture is the most poverty-reducing sector. However, Bardhan (1985) did not find any evidence of the existence of strong linkages between agricultural productivity and poverty reduction . Roy and Pal (2002) concluded that an improvement in agricultural productivity has a significant effect on reducing rural poverty in India. Factors determining the poverty reduction effect of agriculture Food Prices Higher food prices hurt all households who are net purchased- of food. Food prices are also one of the important factors in explaining poverty reduction relation.

POVERTY LINE

The \$1.90 per person per day threshold for extreme poverty is a standard adopted by the World Bank and other international organizations to reflect the minimum consumption and income level needed to meet a person's basic needs.

That means that people who fall under that poverty line that's 1/8 of the world's population, or 767 million people lack the ability to fulfil basic needs, whether it means eating only one bowl of rice a day or forgoing health care when it's needed most.

CAUSES OF POVERTY IN INDIAN CONTEXT

- Climate- Due to hot and Humid climate, people productivity and work efficiency suffers, flood, drought, and cyclone etc...
- Rapid Growth of Population
- Low Agricultural productivity
- Small size of land holding
- Landless laborers and Farmers
- Unequal distribution of land and other assets
- Lack of employment opportunities
- Education
- Caste system

The above reasons main factors for Poverty in Indian economy As per UN Human Development Index India are still at 135th place out of 187 countries. Around 300 million people are living in below poverty line.

Around 55 per cent people depend upon Agriculture in India and most of the poor people leave in villages. Therefore Agriculture will play a major role to reduce poverty from India. Agriculture can generate employment at rural level with low investment like agriculture based industries, food park etc

AGRICULTURAL GROWTH FOR POVERTY ALLEVIATION

In the 1980s, Indian policymakers shifted their focus from food self sufficiency to generating additional income in rural areas as a means of tackling the problem of poverty, which was concentrated in rural areas. Acceleration of agricultural growth, with a special focus on improving the position of small farmers and extending the productivity revolution to non-irrigated areas was seen as a critical part of the strategy for poverty alleviation. This effort was supplemented targeted anti poverty programs to address the needs of vulnerable groups who may not benefit sufficiently from general agricultural growth. India achieved considerable success with this approach in the 1980s. Growth of agricultural gross domestic product (GDP) accelerated to about 4.7 percent in the 1980s, compared with only 1.4 percent in the 1970s. This, agricultural growth, together with the beginning of economic reforms in the nonagricultural sector, pushed up the growth rate of overall GDP to around 5.8 percent in the period 1980-81 to 1989-90 compared with about 3 percent in the 1970s.

This acceleration in growth in the post reform period led policymakers to set a more ambitious GDP growth target of 8 percent a year for the Ninth Plan period (1997-98 to 2001-2002), to be supported by a growth rate of 4 percent a year in agriculture. The projected growth of 4 percent per year in agriculture was clearly inline with the average growth of 3.8 percent achieved in the period 1990-91 to 1996-97.

These shortfalls were known, when the Tenth Plan (covering the period 2002-03 to 2006-07) was formulated, but it was assumed that the poor performance of agriculture was due to temporary factors such as poor monsoons and depressed agricultural commodity prices in world markets following the East Asian meltdown. The Tenth Plan therefore adopted the same targets of 8 percent growth in GDP and 4 percent growth in agriculture. Experience in the first three years of the Tenth Plan period has sounded some alarm bells. GDP growth has averaged about 6.5 percent, but agricultural GDP in these years (2002-03 to 2004-05) has grown by only 1.1 percent per year. The loss of dynamism in agriculture explains most of the shortfall in aggregate GDP growth.

There is a lot of evidence that agriculture can contribute to poverty reduction beyond a direct effect on farmer's incomes. Agricultural development can stimulate economic development outside of the agricultural sector, and lead to higher job and growth creation. Increased productivity of agriculture raises farm incomes, increases food supply, reduces food prices, and provides greater employment opportunities in both rural and urban areas. Higher incomes can increase the consumer demand for goods and services produced by sectors other than agriculture. Such linkages (or the 'multiplier effect') between growth in the agricultural sector and the wider economy has enabled developing countries to diversify to other sectors where growth is higher and wages are better.

TARGETED ANTI-POVERTY PROGRAMS IN INDIA

While efforts to increase agricultural productivity and thereby increase farm incomes and employment are a major instrument for poverty alleviation, they will need to be supplemented by special targeted program aimed at improving the welfare of vulnerable section of the people in rural areas. Employment programs in rural areas have been the most important of these anti poverty programs and India has a long history of such programs. Building on this tradition, a Rural Employment Guarantee .The Maharashtra state government was introduced 100 days employment guarantee scheme 1982 ,after India,2005 came NREGA scheme importance after scheme was renamed as MGNREGA in oct 2009 has been enacted which provides assurance of up to 100 days of employment at the minimum wage to each household in rural areas wishing to make use of it. The employment would be provided on projects chosen by the elected village councils and the guidelines specify that top priority should be given to irrigation and water management schemes. Unlike earlier employment programs, this scheme includes a guarantee in the sense that if employment cannot be provided, unemployment compensation will be provided at least 25 per cent of the wage. Although the program opens to each household, actual demand for employment is expected to be limited to households below the poverty line. The coverage of the Act will initially be implemented to 200 of the most backward districts (about one-third of the total districts in the country). Together with other special programs relating to provision of housing for the poor, old age insurance, and schemes for supporting self employment, this program will provide an element of social security that should help to reduce poverty.

POVERTY ESTIMATES IN INDIA

In April 2012, Planning Commission released the figures of poverty estimates in India for 2009-10 based on the recommendations of methodology of an expert group headed by Late Prof. Suresh Tendulkar. These estimates show sharp decline in poverty ratio from 37.2 per cent in 2004-05 to 29.8 per cent in 2009-10, 7.4 per cent in decline in poverty in the five year period (2004-05 to 2009-10) and the number of people living below the poverty line (BPL) fell from 407.2 million in 2004-05 to 354.7 million in 2009-10, that is, about 52 million people were lifted out of poverty in the five year period—a great achievement indeed. During this period rural poverty fell-faster than urban poverty. rural poverty declined by 8 percentage points from 41.8 per cent in 2004-05 to 33.8 per cent in 2009-10, whereas urban poverty fell by 4.8 percentage points from 25.7 per cent in 2004-05 to 20.9 per cent in 2009-10.

It may be noted that these estimates of poverty are based on poverty line of Rs. 22.4 per capita consumption expenditure in the rural areas and Rs. 28.65 per capita consumption expenditure in urban areas at 2009-10 prices and fixed on poverty norm recommended by the expert group headed by Late Prof. Suresh Tendulkar.

INDIAN AGRICULTURAL CHALLENGES

Three agriculture sector challenges will be important to India's overall development and the improved welfare of its rural poor:

1. Raising agricultural productivity per unit of land: Raising productivity per unit of land will need to be the main engine of agricultural growth as virtually all cultivable land is farmed. Water resources are also limited and water for irrigation must contend with increasing industrial and urban needs. All measures to increase productivity will need exploiting, amongst them: increasing

yields, diversification to higher value crops, and developing value chains to reduce marketing costs.

2. Reducing rural poverty through a socially inclusive strategy that comprises both agriculture as well as non-farm employment: Rural development must also benefit the poor, landless, women, scheduled castes and tribes. Moreover, there are strong regional disparities: the majority of India's poor are in rain-fed areas or in the Eastern Indo-Gangetic plains. Reaching such groups has not been easy. While progress has been made - the rural population classified as poor fell from nearly 40% in the early 1990s to below 30% by the mid-2000s (about a 1% fall per year) – there is a clear need for a faster reduction. Hence, poverty alleviation is a central pillar of the rural development efforts of the Government and the World Bank.

3. Ensuring that agricultural growth responds to food security needs: The sharp rise in food-grain production during India's Green Revolution of the 1970s enabled the country to achieve self-sufficiency in food-grains and stave off the threat of famine. Agricultural intensification in the 1970s to 1980s saw an increased demand for rural labour that raised rural wages and, together with declining food prices, reduced rural poverty. However agricultural growth in the 1990s and 2000s slowed down, averaging about 3.5% per annum, and cereal yields have increased by only 1.4% per annum in the 2000s. The slow-down in agricultural growth has become a major cause for concern. India's rice yields are one-third of China's and about half of those in Vietnam and Indonesia. The same is true for most other agricultural commodities.

5. CONCLUSION

The government of India should be taken steps to increase agricultural productivity and thereby increase farm incomes and employment as a major instrument for poverty alleviation this should be supplemented by special targeted program aimed at improving the welfare of vulnerable sections of the people in rural areas. Findings show that agricultural productivity growth has a substantial impact on poverty reduction, whereas it was not due to productivity and growth in industry and services .

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