

Current Trend of Agricultural Productivity in India and its Future Prospects – a Review Article

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Abstract - Agriculture is the backbone of Indian economy as the economic development of this country is very much relied upon the agricultural activities. Agriculture provides not only food for the nation's population but also provides opportunities for employment generation, saving, contribution to industrial goods market and earning foreign exchange. Marketing of agricultural products means a series of activities involved in the movement of agricultural produces from the point of production to the point of consumption. Agriculture production system in India is characterised by small scale production and seasonality of production and demand and many more. This paper is an attempt to identify various problems faced by the Indian agricultural sector with solutions done by the government till today and still to do.

Keywords: Agriculture, Agricultural marketing, Economic Development

Introduction:

The agriculture sector of India is passing through a dynamic phase in the recent era of development. It provides 65% of employment opportunities for the working population of India. Since post-independence period, the Government of India has been initiating its policy framework for the structural, technological and institutional changes for agriculture. During 1st five year plan (1951-56), the special address was for the agriculture sector to deal with the food crisis. Since then there is found continuous decline in the composition of GDP from the agriculture and allied activities. With the concern of agricultural crisis and lower productivity, the 11th five year plan (2007-08 to 2011-12) made a target to reverse the deceleration in agriculture growth and productivity. On 12th five year plan the main focus is for the rapid and inclusive growth of the agriculture. The world economy has been witnessing the slow growth rate since 2008-09 which has resulted in sluggish growth in all the sectors of India. Although the farm productivity is low as compared to other developed countries, some improvements have been found due to certain developmental activities. These include, technological advancement, adoption of (High yielding Varieties) HYVs of seeds, usage of improved quality of fertilizers, insecticides, pesticides, new cropping pattern, new irrigation facilities, farm research and management practices.

India's already large population is expected to become the world's largest in the next 20 years, while its economy will soon overtake Japan's to become the world's third largest. The resulting increase in the demand for food will need to be met through higher agricultural productivity or by increasing food imports. This article discusses some of the key areas of progress and challenges for India's agricultural sector, including: productivity, water management, government policies and programs, and food distribution and storage.

Increase in the production of various agricultural products is not sufficient for the economic development process in this country. It also requires a systematic and scientific marketing system for the purpose of marketing agricultural products in domestic market as well as in international market. Marketing of agricultural products means a series of activities involved in the movement of agricultural produces from the point of production to the point of consumption. According to Thomsen, the study of agricultural marketing comprises all the operations, and the agencies conducting them, involved in the movement of farm produced foods, raw materials and their derivatives. Prof. Faruque observed: "agricultural marketing comprises all operations involved in the movement of farm produce from the producer to the ultimate consumer.

Since independence in India, agricultural marketing is characterized by pervasive government intervention. This intervention took place for various purposes in various forms. With the passage of time the need for agricultural marketing also changed. In the initial period, marketing for agriculture was required to increase productivity, provide a market for agriproducts, arrangement for agricultural credit, etc. But in the present scenario, agricultural marketing is needed to enhance the efficiency of the producers to market their agriculture produce so that they can get good market margin. It also helps in eliminating or rather minimising the role of middlemen. Agriculture production system in India is characterised by small scale production and seasonality of production and demand. Beside this, it poses various problems which will be discussed in the paper.

Objectives

1. To identify the major problems of agricultural marketing.
2. To highlight the role of government for the development of agricultural marketing.
3. To provide suggestions for their improvement

Literature Review

In recent years, there has been considerable research related to the agricultural marketing. These papers, however, mostly deal with problems, challenges and development of and the government initiatives toward agricultural marketing. The paper on

Raising Agricultural Productivity and Making Farming Remunerative for farmers (2015) done by National Institution for Transforming India (NITI) Aayog, Government of India concentrates on a select but important set of policy issues confronting Indian agriculture to come up with recommendations that would help bring about a second Green Revolution in India and sustain robust growth in agriculture. Five such issues have been chosen: measures necessary to raise productivity, policies ensuring remunerative prices for farmers, reforms necessary in the area of land leasing and titles, a mechanism to bring quick relief to farmers hit by natural disasters, and initiatives necessary to spread Green Revolution to eastern states. Rajendran and Karthikesan (2014) in their study found that in order to avoid isolation of small scale farmers from the benefits of agricultural produce they need to be integrated and informed with the market knowledge like fluctuations, demand and supply concepts which are the core of economy. K Nirmal Ravi Kumar (2014) in his book he has given detailed information about agricultural marketing in India. He discussed about the major problems involved in the practices of agricultural policies and strategies. Along with this, the role of government for agricultural development is also provided. Shakeel-Ul-Rehman, M. Selvaraj and M. Syed Ibrahim (2012) in their article 'Indian Agricultural Marketing- A Review' bring out past and present scenario of agricultural marketing prevailing in India, its challenges and future recommendations. They pointed out several problems and challenges involved in marketing of agricultural produce. New methods of marketing like Contract farming are visible, providing farmers with better returns. The Tata's, The Birla's, The Mahindra's and other corporate houses are entering and expanding agricultural business. With 68,000 plus branches, commercial banks and regional banks have phenomenal strength in financing agri-business ventures. These trends show that there is a scope for Agri-business for profitable operations not only to individuals but to institutions as well. Sourovi De (2010) provides a detailed analysis of the various issues pertinent to the functioning of agrarian credit markets. These include the glaring chasm between demand and supply of agrarian credit, the emergence of sectors within the Indian economy which compete with agriculture for institutional credit and the aversion of institutional lenders towards agrarian borrowers. Mishra, J.P, (2010) in his study, found that farmers are not getting benefits as per the provision made by regulated market act in favour of farmers just because these are found disputes between Govt and traders. The cooperative network in the state is inadequate and unable to procure agricultural produce from the growers for safeguard the interest of the farmers. The most important factor that exists in developing countries is widespread imperfection in market mechanism. It is due to lack of market information and presence of uncertainty in market demand. Kashyap and Raut (2006) in their paper discussed the various challenges typical of the rural environment such as physical distribution, channel management promotion and communication. To overcome these challenges, marketers need to be equipped with technology based system like e-marketing. The "anytimeanywhere" advantage of e-marketing leads to efficient price discovery, offers economy of transaction for trading and more transparent and competitive setting. Vikram Sorathia,

Major Drawbacks of Farm Sector In India

- The growth rates of productivity in agriculture sector are far below than the global standards.
- The productivity levels of rice and wheat have declined .
- Due to declining fertilizer-use efficiency there is found gradual decline in the soil fertility. Also, the food subsidy has increased substantially in the past few years.
- According to the survey, GDP declined to 15.2% during the Eleventh Plan and then further decreased to 13.9% in 2013-14.
- There also has been decrease in the number of cultivators from 127.3 million (Census 2001) to 118.7 million (Census 2011).
- Indian agriculture is still dependent on rainfall. About 60 per cent of the total food grains and oilseeds produced being grown in the kharif season, and with just about 35 per cent of the total area being irrigated.
- Currently, India is in an anomalous situation of being essentially self-sufficient with large stocks of food grains on the one hand and recording high food inflation. Artificial scarcity has become the major cause for the high inflation rate.

Problem Areas In Agricultural Marketing

- Small and scattered holding: Farmers having small and scattered holdings are found in Indian agricultural system. Thus, the cost of producing and transporting agricultural produce increases and the marketing margin decreases.
- Lack of warehousing and storage facilities (cold storage or otherwise): Farmers have to sell out their produce as soon as it is ready because there is a lack of adequate number of warehousing and storage facilities in India. It results in getting poor prices by the farmers. Most of the existing storage facilities are having very poor quality (are in very poor condition) which also affects the quality of the agricultural produce.
- Lack of transportation facilities: Agricultural sector is affected mostly by lack of transport facilities which includes all weather roads, appropriate transport vehicles for transporting perishable goods and lack of linkage roads to mandis. Due to this, a chunk of money is expended over transportation costs.
- Lack of Uniformity in Grading and Standardisation: Lack of proper grading facilities and standardised measures for categorisation of agricultural produce at the farmers' level results in weak bargaining power and sale of produce at the lower price.
- Poor Handling, Packing, Packaging, and Processing Facilities: Lack of proper instruments for handling and processing and lack of scientific techniques for packaging of agricultural produce result in heavy wastage and loss to the farmers. Poor handling and packaging expose the product to substantial physical damage and quality deterioration.
- Lack of market information: Generally, in rural areas there is unavailability of proper infrastructure. Many villages are still out of the reach of Information and Communication Technology. Due to this, farmers are unaware of the present

and future prices of their produce prevailing in big markets. Thus, they have to accept any price for their produce offered by middlemen.

- Presence of large number of middlemen: Due to lack of proper transportation, warehousing and infrastructural facilities farmers are forced to sell their produce at the point of origin. This widens the scope of middlemen as farmers are not directly connected to consumers. These middlemen charge abrupt high prices of these agricultural produce from the customers and also resort to malpractices like hoarding and black-marketing.
- Lack of Farmers' Organisation: In India, the farmers are in scattered form and they use to sell their produce individually. This results in distribution of small amount of agricultural produce with high cost of transportation. Along with this, farmers have not any authorised body to guide and protect their businesses. On the other hand, traders are in organised form which enables them more powerful to bargain over prices. Under such situations, farmers will be generally exploited and do not get remunerative prices for their produce.
- Inadequate Research on Marketing: All the efforts of the government are directed towards maximising the agricultural production but less emphasis has been given on the conduction of new researches for developing new marketing, storage, warehousing and preservation techniques. There is also need for research on consumer demands and preferences, handling and packaging.

Technological Advancements

As per the department of Science and technology, government of India, grant is given to twenty one science based voluntary groups working at the village level. This will encourage research and development activities in areas of technology generation and transfer for sustainable livelihoods in rural areas. It has also encouraged thematic networking and coordination amongst various science and technology based field groups. National Food Security Mission (NFSM) has been launched in 2007 to increase 20 million tonnes of foodgrains (10 m.t. for rice, 8 m.t. for wheat and 2 m.t. for pulses) during the 11th plan period. It has already shown some results by increasing yields in different regions. The ATMA (Agricultural Technology Management Agency) scheme was launched in 2005 to support state governments' efforts to revitalize the extension. This scheme gives an opportunity to improve extension system. The returns to investment on research and extension will be much higher on agricultural growth as compared to other investments.

Private Sector Interference

In recent years the priority has been given for public private partnership (PPP) for the infrastructure development and other growth related services. About 1 lakh common services centres have been established with the sustainable, commercial and socio-economic goals to cater IT based and non-IT based services for about 600,000 villages. Different SHGs, Community based organisations, Private micro finance institutions like SKS, have been formed to give financial assistance to rural community for developmental projects. With the Provision of urban amenities in rural areas (PURA), there is found the opportunities of rural livelihood, infrastructure projects with the private sector interference. It in turn has given sufficient scope for sectoral disparities.

Improved Trade Policy

India is considered as the second largest food producer in the world. Although, it has got all the potentials in the agriculture productivity but its export is just 0-9% of the world food trade. However with the prime minister's council on trade and industry report, following action plans have been suggested for enhancing trade, and supply of agricultural goods.

- Undiluted focus on growing areas for exports like tea, spices, rice, mangoes, grapes, floriculture etc.
- Allow regulated exports of specific surplus commodities on annual basis and honour international contractual terms.
- Cold storage facilities should be enhanced and be made available at all ports and airports
- Increase in freight subsidy
- One central agency: Agro and Food Development and Export Promotion Council to be set up.
- Announce specific package for horticulture and floriculture units.
- Provide term loans for Grading, Packing and Cold chain units as well as processing units at the rate of 9% per annum.
- 3 year moratorium on repayment of term loan and interest
- NABARD to provide 100% refinance to banks and financial institutions for funding exports of horticulture products.

Conclusion

India's agricultural sector is still very important to the Indian economy, although its share of the economy has decreased over the past 50 years. India has made significant advances in agricultural production in recent decades, including the introduction of high-yield seed varieties, increased use of fertilisers and improved water management systems. Reforms to land distribution, water management and food distribution systems will further enhance productivity and help India meet its growing demand for food.

In India farmers are facing lots of problems whether it would be created by nature or by man made. It will take much time to solve their problems. Every year in budget, government sanctions huge funds and formulates various policies and programs for the purpose of developing agriculture sector in India. In the recent year, Government has established a Price Stabilisation Fund for Cereals and Vegetables of Rs.500 crore in order to reduce price volatility in perishable agricultural commodities (onions, potatoes & tomatoes etc.). With the setting up of this Price Stabilisation Fund, farmers will be able to get fair price for their produce while consumer would be able to purchase the same at affordable prices. Along with this, an agri-tech infrastructure fund has been proposed to create a common e-marketing platform for agri-commodities in the Agriculture Produce Marketing Committees (APMCs) in the State, as a first step towards creation of a national market. On the other hand, Government is in the process of developing an Insurance product which could ensure farmers against both yield loss and price fluctuations.

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