

Political Economy - A Key To Agrarian And Rural Development

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Abstract

Since ever 1970-71, growth in Indian agriculture has been approximately 3%, above that in population but well below that in the entire economy comprising of agriculture, industry and services. By implication, while per-capita agricultural output has been a steady rise, in the share of agricultural sector in the Gross Domestic Product (GDP) has fallen. The rise in per-capita agricultural production has gone a long way toward easing pressure on the food and nutrition security of the country. Unfortunately, however the growth in agricultural output has characterized by fluctuations; each high growth period is followed by the phase of low growth. This cyclical pattern has reflected itself in annual growth rates of approximately 3% in the 10th Plan, 4% in the 11th Plan and just 1.7% during the first three years of the 12th Plan. Specific sub sectors, most notably crop segment, are subject to occasional severe negative shocks leading to serious distress. Crop production in the country is dominated by cultivation of paddy in Kharif and wheat in Rabi seasons. These crops cover over and about 38 per cent of gross cropped area in the country. Cereals including coarse cereals remarkably occupy more than half of the total land under cultivation.

Agricultural sector is described as the backbone of Indian economy, due to agriculture constitutes largest share of country's national income though the share has declined from 55 percent in early 1950s to about 25 percent by the turn of the Century. More than half of India's workforce is employed in its agriculture sector then, growth of other sectors and overall economy depends on performance of agriculture to a considerable extent. Besides, agriculture is a source of livelihood and food security for large majority of vast population of India. Agriculture has special significance for low income, poor and vulnerable sections of rural society. Cause of this agriculture is the core of socio economic development and progress of Indian society, and proper policy for agrarian sector is crucial to improve living standards and to improve welfare of masses.

Introduction

Since ever 1970-71, growth in Indian agriculture has been approximately 3%, above that in population but well below that in the entire economy comprising of agriculture, industry and services. By implication, while per-capita agricultural output has been a steady rise, in the share of agricultural sector in the Gross Domestic Product (GDP) has fallen. The rise in per-capita agricultural production has gone a long way toward easing pressure on the food and nutrition security of the country. Unfortunately, however the growth in agricultural output has characterized by fluctuations; each high growth period is followed by the phase of low growth. This cyclical pattern has reflected itself in annual growth rates of approximately 3% in the 10th Plan, 4% in the 11th Plan and just 1.7% during the first three years of the 12th Plan. Specific sub sectors, most notably crop segment, are subject to occasional severe negative shocks leading to serious distress. Crop production in the country is dominated by cultivation of paddy

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The distributive nature of rural development schemes in the country are largely determined by the specific to the institutional arrangements through which these work for, and includingly in the chief form of ownership of land and the distribution of political power. This perspective work within a framework of an analysis that identifies the social relations of production, and system of surplus extraction that they represent, as the fundamental determinant of the distribution of income, wealth, and political power.

It may be distinguished broadly among the two families of developmental strategies of those that have funnel development through existing property relations and political power alignments and those that involve a redistributive property and political power in favor of the dispassion. In the circumstances of many parts of the less-developed world, the existing property relations define an agrarian class structure based on highly stratified land ownership, and existing political institutions that are highly responsible for the political organizations to the elite defined by its property system. We shall state that “neo-liberal” strategies for development are those that aim for diffusing technological, new investment funds, expertise, etc., by these existing private properties, and then it lets the distributive chips fall where they may. “Redistributive” strategies adopted to alter these fundamental institutional arrangements in such a way as to confer more power, autonomy, and welfare on the least-well-off strata of rural population.

In addition to this analysis of property relations and defining economic activity and interests it is also important to provide an analysis of political power at the local and national level. Different strategies affect local interests differently, and given that the strategy will be an outcome from a complex and sensitive political process which involves various affected parties, it is crucially important to know that players will be most able to influence the goals and implementation in the development plan.

It is necessary to identify the process of rural development within the broader context of class politics and political power in our country. One considers the political prospects of a program in land reform within a national politics dominated by the rural elite. Land reform runs contrary to the most fundamental interests of the rural elite, and this elite generally has substantial or even decisive political power.

Land reform remains only on the outcome of a political process either through the exercise of state power or through revolutionary action of land-poor peasants. The interests of the individuals, coalitions, and organizations involved will play a determining role in the way in which institutional changes are adopted, and the various players have greatly unequal powers. Ronald Herring puts the point this way: "Although land reforms are universally argued for in terms of social justice and economic efficiency, the political reality in South Asian societies is that such reforms are promulgated by ruling elites largely composed of, or structurally or electorally dependent on, agrarian elites". It would appear likely, therefore, that the outcome of a process of rural reform through existing political arrangements will be sharply tilted towards the economic interests of the rural elite. So long as these elite retain decisive political power, the goals of land reform are difficult to achieve.

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Agriculture has special significance for low income, poor and vulnerable sections of rural society. Cause of this agriculture is the core of socio economic development and progress of Indian society, and proper policy for agrarian sector is crucial to improve living standards and to improve welfare of masses.

Broad Characteristics of Agriculture

In India agriculture remains in the hands of millions of peasant households, a bulk of which comprises a tiny land holdings with preponderance of owner cultivation. There is hardly any direct governmental intervention in the productive and investment decisions of the farmers but the government does influence the legal, material and economic environment in which farmers operate. Though the tremendous progress has been seen to exploit irrigational potential in the country, mostly more than two third of area under cultivation is un-irrigated and there is thus heavy dependence of production on vagaries of nature i.e. rainfall. Irrigated areas have experienced sharp increase in productivity level and large part of output at such farms is for market. Productivity in un-irrigated areas has remained either stagnant or experienced very small growth or most of the farmers in such areas produce for subsistence purpose. Agricultural growth remained slow (below 3 percent) in the country, apart from that, agricultural growth remained confined to a few well endowed pockets which has created regional disparities.

Phases in Agricultural Policy

There is a close association between agricultural policy followed in the country and the magnitude and sources of output grown. Based on these, agricultural policy followed during the last five decades can be broadly distinguished in 3 phases. The period from 1950-51 to mid 1960s which is also termed as pre green revolution period witnessed tremendous agrarian reforms, institutional changes and development of major irrigation projects. The intermediary landlordism was abolished tenant operations were given security of farming and ownership of land.

Land ceiling acts were made compulsory in all the states to eliminate large sized holdings and cooperative credit institutions were strengthened to minimise exploitation of cultivators by private money lenders and traders. Land consolidation was also affected to reduce the number of land fragments.

Expansion in area is the main source of growth in the pre green revolution period. The scope for area expansion diminished considerably in the green revolution period in which growth rate in area witnessed less than half the growth rate in the first period. Increase in productivity became the main sources of growth in crop output and there was significant acceleration in the yield of growth during the green revolution period. The main source of productivity increased due to technological breakthrough in wheat and rice. The country faced critical food shortage and crisis in early 1960s which forced the policy makers to realize that continuous reliance on food imports and aid imposes heavy costs in terms of political pressure and economic instability and there was a desperate search for a quick breakthrough in agricultural productivity. One choice before the country was to go for spread of new seeds of high yielding varieties (HYV) of wheat and rice which were available with CGIAR institutes like CIMMYT and IRRI. Amidst a serious debate the then Government took bold decision to go for the import and spread of HYV of wheat and rice which involved use of fertilizers and irrigation. This made a remarkable second phase of agriculture policy in the country. The strategy showed quick results and as there was quantum jump in yield. Consequently, wheat and rice production in a short span of 6 years between 1965-66 and 1971-72 witnessed an increase of 30 million tones which is 168 percent higher than the achievement of 15 years following 1950-51. The biggest achievement of new agricultural strategy was also known as green revolution technology, this has been attained of

due to self sufficiency in food grains. Since the green revolution technology involved use of modern farm inputs, it started to spread and led to a fast growth in agro input industry. Agrarian reforms during this period took back seat while research, extension, input supply, credit, marketing, price support and spread of technology were the prime concern of policy makers.

Two institutions, namely Food Corporation of India and Agricultural Prices Commission, were created during this period in the beginning of green revolution period, to ensure the remunerative prices to the producers and to maintain reasonable a price for consumers, and to maintain the buffer stocks to guard against adverse impact of year to year fluctuations in output and on to maintain the price stability. These two institutions had mainly benefited with rice and wheat crops which are the major cereals and staple food for the country.

The next phase in Indian agriculture began in early 1980s. While there was clear change in economic policy towards delicensing and deregulation in Industry sector, agriculture policy lacked direction and was marked by confusion.

Agricultural growth accompanied by the increase in a real farm income led to the emergence of interest groups and lobbies which prepared to influence on farm policy of the country. The country witnessed a considerable increase in subsidies and support to agricultural sector during this period while public sector spending over the agricultural sector for the infrastructural development and later started showing decline in real term but investments by farmers kept on moving on a upward trend. The output growth, which was concentrated towards a very narrow pocket, became broad- based and got in momentum. The rural economy started witnessing process of diversification which resulted into fast growth in non food grain output like milk, fishery, poultry, vegetables, fruits etc which accelerated growth in agricultural GDP during the 1980s. This growth seems largely market driven.

Recent Trends

Even though the green revolution in the country has been widely diffused in all irrigated areas throughout the agriculture sector, the dry land areas seems much benefited by this technological breakthrough as it witnessed through green revolution technology. The post session, improved with varieties of oilseeds and course cereals have provided some opportunities for productivity and growth in dry land areas. The new phase which started in India's New Economic Policy 1991 that marked a significant departure from the past. Government of India initiated the process of economic reforms in 1991, which involved in deregulating, and reduction of governmental participation in the economic activities, and liberalization concerns. Even though much of the reforms were not initiated directly to affect the agricultural sector, this sector was affected indirectly by devaluating its exchange rate, liberalization of its external trade and disprotection to its industry. The implications of new International Trade accord and WTO

New Agricultural Policy and Challenges in Indian Agriculture

There are some other important concerns like food security, livelihood, employment, improvement in standard of living of agricultural population. To resolve these challenges requires the efforts on several sects like incentive structure, infrastructure, technology, market development, extension, regulations, input supply, tenancy etc. New agriculture policy should address above all the challenges through the efforts on the above mentioned areas and also provide direction to the future of agriculture in the country.

The National Agricultural Policy (NAP) document aims to attain the target output growth rate of to be in excess with 4 percent per annum in agriculture sector based on efficient use of resources. It seeks to achieve this growth rate in a sustainable manner and with equity. The Policy resolution than describe in detail the strategy and policy alternatives which are categorized under the following heads:

- Sustainable agriculture;
- Food and nutrition security;
- Generation and transfer of technology;
- Inputs management;
- Incentive for agriculture;
- Investment in agriculture;
- Institutional structure.

Conclusion and Suggestions

The commitments on National Agricultural Policy released by the Government of India in July 2003 contain a set of policy intentions of government. In order to implement those intentions a concrete and a time bound action plan was needed which was found missing. The document is quite comprehensive while expressing what are ought to be done in agriculture sector. This is a first step towards in giving a policy direction. A subsequent step is how and when the policy goals and objectives would be achieved. In the most of the cases the NAP is not a silent in this concern, and nor there is a follow up on document regarding this. This is the cause of that in most of three and half years after the release of NAP no serious remedial action was initiated on most of the aspects. It is highly desirable to prepare the action plans and the strategies at the Centre and at the State level in quantitative terms to effective implementation on the new policy agenda in a time bound framework. For instance, to reach the 4 percent annual growth rate in agriculture certain planning and strategy has to be framed there on to how much growth in each crop/enterprise in various states is visualized. How much growth would require in inputs, irrigation, credit etc. There is no such follow up of the action plan and it is assumed that the setting goals with change in overall policy environment would automatically help in the achieving goals enshrined in the new policy. Besides these action plans with a quantifiable goals, a time schedule for change in qualitative policy aspects like changes in regulations is also needed.

Achieving the goal with a high growth (more than 4 percent) through efficient use of resources and in promoting sustainability and equity would require an area specific strategy. Past experience shows that this can be achieved only by promoting area specific specialization which takes into account to the groundwater status, soil health and other micro characteristics. This often results in the diversification at country level. The advantages of specialization pockets are

- It is useful in harvesting advantages of scale economy; and
- It is easy and less costly to develop infrastructure to boost one or few commodities, rather than many commodities.

Increasing the production and the productivity is already in agriculturally advanced regions would involve more cost in terms of inputs compared to the underdeveloped regions and as the developed regions are at a higher level on the production frontier. Since the domestic supply would be facing competition from imports, the emphasis should be on the increase in productivity on a cost effect base. This in turn, requires paradigm shift from output growth or maximizing production to efficient growth. The twin goal of increase in productivity and efficiency will be achieved by harnessing the potentiality of underdeveloped regions and through development of specialization pockets. The focus must focus on to shift area specific enterprises as has been the case of dairying in Gujarat, rice-wheat in Punjab, apple in sub-temperate West Himalayan region, grapes in Nasik region of Maharashtra, mangoes in Rayalseema region of Andhra Pradesh. Large scope exists for raising productivity of most of the crops by ensuring that improved technologies already developed in various states are adopted by farmers.

Efforts in technological generation to go waste and if it is not disseminated to end users. This requires rigorous efforts on extension front. NAP should evolve ways and means to strengthen existing extension mechanism and involve NGOs, panchayats and private sector in extension activities. Beside technology, shift in crop pattern from low value to high value offers vast scope for output growth. Irrigation is vital resource for raising agricultural output but strain on water resources is growing. This requires adoption of improved irrigation technologies that improves efficiency of water use. New policy should provide effective incentive for adoption of drip, sprinklers and other water efficient technologies. NAP should give due importance to people's participation in management of natural resources and in organization of production and marketing activities.

Competitive global liberalization has thrown new and formidable challenge to compete with international technologies. Facing this challenge would require vigorous efforts in domestic R&D. Some countries have very effectively applied tools of biotechnology to raise yield, reduce cost of production, and improve quality. India needs to learn from the experience of such countries and should encourage new yield enhancing and cost reducing technologies without getting bogged down in the debates on transgenic and genetically modified products.

There is no mention of Organic farming in NAP. Organic farming offers an alternative method of production that can be suitably exploited to benefit some segment of farmers.

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