

# Importance of india's agricultural economy to its development



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Importance of India's Agricultural Economy to its Development Modern day India has in some aspects advanced very far from where it was at the break of the century when it was still under British rule, however in other aspects it still holds many similarities to this day that it did back then. One of the most important of these similarities is that India is still a developing nation.

Ever since India was given its independence in 1947, under India's first Prime Minister Jawaharlal Nehru, " the country tried various methods of development, at theoretical and practical levels. India is still trying to become a developed nation and the key to India's development lies in its agricultural economy. As seen in India's past history with the success of the green revolution in India, and given India's land size, population and poverty the road to development in India lies in agriculture. India's attempts of becoming a developed nation started while it was still under British rule. Jawaharlal Nehru hoped that " all our major problems would come to an end, once British rule ended.

Jawaharlal Nehru was at that point campaigning against the British rule in India and was jailed for his actions when he wrote the following, explaining frustrations with Britain. Nearly all our major problems today have grown up during British rule and as a direct result of British policy: the princes; the minority problem; various vested interests, foreign and Indian; the lack of industry and the neglect of agriculture; the extreme backwardness in the social services; and, above all, the tragic poverty of the people. The attitude to educate has been significant... ' It was [their] policy in those days to keep the natives of India in the profoundest state of barbarism and darkness, and every attempt to diffuse the light of knowledge among the people... was

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vehemently opposed and resented. ' Imperialism must function in this way or else it ceases to be imperialism. These problems Nehru explains are the basic problems of underdevelopment, and still after over 55 years, these are big problems in India today.

After India's independence came a wave of economic reforms intended to strengthen agriculture research and education. Nehru introduced five-year plans for 1951-56, 1956-61, and 1961-66 which benefited from foreign aid and produced modest results. Many attempts at land reforms were also launched, which had some success, however " landowners wielded enough influence that only part of the land was distributed, and the reform did little for the landless quarter of India's rural households. " Two joint Indo-American teams in 1954 and 1959 were appointed to look into the problems of agricultural education, research and extension. A Third Review Team in 1963 comprising of eminent agricultural scientists from the UK, the USA and India was appointed with specific objective of inquiring into the existing agricultural research set-up in India and suggesting suitable changes.

" The Indian Council of Agricultural Research (ICAR) was then " reorganized in 1965 as a central agency for coordinating, directing and promoting agricultural research and education in the country" as was suggested by the Third Review Team. There was also another reorganization of the ICAR in 1973 " which led to further changes in the organizational structure to provide greater autonomy and flexibility in operation of management and recruitment. " Indian agriculture appeared to benefit from the reorganization and careful analysis of the ICAR, and is credited for Indian self-sufficiency in

food. " The agricultural research system in India in terms of its size, with approximately 27, 000 scientists, may perhaps be the largest in the world.

The ICAR with its 46 institutions, 20 national research centers, nine project directorates, four bureaus, the National Academy of Agricultural Research Management (NAARM) and 26 agricultural universities constitutes the major organizational set up for agricultural research in the country. " As you can see the ICAR is very far reaching and has a big potential in helping India's agriculture sector. The ICAR aims at undertaking, aiding, promoting and coordinating agricultural and animal husbandry research and education acting as a clearance house of information, establishing a research and reference library and taking up transfer of technology programs and consultancy. " The ICAR was thus very important in the spread of knowledge in India. Given India's population, land size, and status of the majority of the people the ICAR played a large role in educating the masses on agriculture and farming. One of the largest reasons why the ICAR has been so important to the development of India's agriculture has been due to an experimental strategy known as the green revolution.

The green revolution came about India after a break in India's economic growth in 1965. The break was due to many factors, the great drought, the Pakistani attack of September 1965, and weak political leadership after Nehru's death. " Indira Gandhi later came to power and was immediately faced with the second year of the great drought, and on top of all this she succumbed to the pressure of the World Bank and drastically devalued the rupee. " The drought pushed up prices and the devaluation accelerated this trend even more.

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” 13 The recovery of Indian agriculture from this period was partly due to the green revolution, which required “ improved seed, irrigation, and heavy use of chemical fertilizer. ” The green revolution, however, was very costly and “ vulnerable to increase in the cost of petroleum, needed to make fertilizer; and inadequate water supplies excluded use of the new seed in many places.

14 “ The major difference between the pre-revolutionary period and the green revolution is the fact that production no longer increased through an extension of the area under cultivation, but through an increase in yield. ” India's government thus realized if it was to bring its country to be self sufficient in food it had to reform to increase yield, rather than increase amount of farmland. The green revolution thus greatly revolutionized Indian agriculture and changed its economy a great deal.

Due to the permanent irrigation system from the green revolution the good crop season wasn't as dependent on the monsoon as it was before. The two year drought in 1965 was the major factor of instating the experimental green revolution and as a result it proved to be effective in stabilizing the crop season in India. The increase in yield production for grain and rice proved to be most beneficiary of the green revolution, over the years from 1975 to 1990 rice increased 42% and grain 61%. The green revolution is thus credited for saving India's agricultural economy, and putting India on the road to development, however, there have been many drawbacks to the green revolution. The green revolution's goal was to “ attain self-sufficiency in food”, and it did that very well and successfully increased the production of food.

However not all regions of India saw such a strong increase, only certain regions of India profited from the green revolution and others saw little or no change. The Punjab, Haryana and western Uttar Pradesh saw the greatest wheat profits. Mainly the north and western parts of India became the most beneficiary and the “ stagnation prevailing in Eastern India seems to indicate that the green revolution has more or less bypassed that region” 14 The green revolution “ at the local level, polarized large- and small-scale producers and, at the national level, opened up huge differences between regions with capitalists and semi-subsistence based agriculture. The early Congress governments had been unable to make land reforms stick, largely because of the emerging alliance between urban elites and the old landed interests, and a distinction emerged between those regions dominated by large peasant farmers and those dominated by landlords.

The former moved rapidly into market orientated production and the profits of the green revolution meant even further consolidation of land in the hands of large farmers... Thus large farmers benefited largely from the green revolution yet there were still small farmers, with small farms, and small profits who were still in poverty. Another reason for this inequality was also the high cost of the green revolution, some farmers just couldn't afford the immense amount of water and fertilizer required to increase yield. “ The green revolution thus heightened rural inequality, causing divergent trends in the politicization of ‘ bullock capitalists,’ who could afford the new techniques, and poor peasants, who could not. ” In 1978 “ poverty still doomed one-third of the population to chronic hunger, and agricultural modernization depended on strategies beyond the means of most farmers.

Thus the green revolution only succeeded in the sense that it provided India self-sufficiency in food and unfortunately “ rural income distribution had undoubtedly become more skew.

” The farmers that did benefit from the green revolution became very wealthy and powerful from it. At a state and national level, farmers throughout India have been able to campaign successfully for massive subsidies on seeds, fertilizers and pesticides. They have obtained irrigation at little cost and in some States even the electricity they use is free. The capitalization of agriculture and growth of agribusinesses have taken advantage of measures that help peasants and landless and force out small semi-subsistence units. The Punjab is particularly associated with capitalist agriculture where agricultural profits have not only resulted in higher standards of living, including impressive residences and consumer durables, they have also been locally in building cold storage plants which allow farmers and traders to take advantage of price fluctuations and in setting up factories and shops.

The Punjab also imports cheap, seasonal, indentured labor from other poorer parts of India. 25 As you can see the wealthy farmers of today are the ones who had money to invest in the green revolution and invested it in the right crop, grain and rice. These wealthy farmers have gotten where they are today by pushing out and taking over small family farms and taking advantage of measures aimed to benefit peasants and landless. And these wealthy farmers have become a strong political and economic force in India aimed at increasing their own power. This is another reason behind the division among rural classes and another drawback to the green revolution.

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Unfortunately instead of bringing India into development it has made it harder for the majority of small farmers to make a living off farming.

The green revolution has undoubtedly been a big factor in India's economy and has indeed revolutionized its agricultural economy. Five decades after its introduction the green revolution has indeed brought India closer to development, yet it has not brought it to development. India has long been striving to become a developed nation, and in order for that to happen they need to abolish poverty. The only sure way to abolish poverty is to give those who have no money, more money. It seems obvious that the biggest problem with the green revolution has been that only a select few farmers in certain regions have prospered from it others still remain poor, and yet others, despite the increase yield in food remain hungry.

This is partly due because an increase in food production, does not necessarily mean a decrease in hunger; you still need money to buy food no matter how much is produced. The two decades of major green revolution advances between 1970 and 1990 show a drop in the number of hungry people worldwide from 942 million to 786 million, a sixteen percent drop, an apparent progress. If we however eliminate China from the analysis we see that " the number of hungry people in the rest of the world actually increased by more than 11% from 536 to 597 million. " 26 The remarkable difference was in China where the number of hungry dropped from 406 million to 189 million due to the " Chinese revolution where broad-based changes in access to land paved the way for rising living standards.



26 The poor pay more and get less. Poor farmers can't afford to buy fertilizer and other inputs in volume; big growers can get discounts for large purchases. Poor farmers can't hold out for the best price for their crops, as can larger farmers whose circumstances are far less desperate. In much of the world, water is the limiting factor in farming success, and irrigation is often out of the reach of the poor.

Canal irrigation favors those near the top of the flow. Tubewells, often promoted by development agencies, favor the bigger operators, who can better afford the initial investment and have lower costs per unit. Credit is also critical. It is common for small farmers to depend on local moneylenders and pay interest rates several times as high as wealthier farmers.

Government-subsidized credit overwhelmingly benefits the big farmers. Most of all, the poor lack clout. They can't command the subsidies and other government favors accruing to the rich. 26 These are all reasons why the green revolution in India has favored big wealthy farmers and how the green revolution succeeded in increasing the gap in rural India. Today 67% of India's labor force still works in agriculture, which contributes to 25% of the country's GDP. In order for India to become a developed nation the government needs to take advantage of this large statistic.

Any major reforms that affect the agriculture of India will greatly affect India as a whole. However, India needs to keep a cautious eye on its wealthy farmers, which have been taking advantage of benefits that have been aimed at small farmers, peasants, and landless people. If the government can put restrictions on wealthy farmers and find a way to bring small farmers

more money they will see an increase in the development of the country overall. Since small farmers make up a larger percentage of the population, giving them extra spending money will cause them to buy more domestic goods, and increasing the GDP at the same time.

If India succeeds in creating a consumer economy out of its large percentage of small farmers it will see a large increase in living standards, just as China has seen from its revolution, less poverty and an increase in growth rate.

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