An Overview on Challenges of the Agriculture Economy in India

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ABSTRACT: ***Agriculture in India has evolved significantly during the past two decades. New possibilities for agricultural production have emerged as a result of globalization as well as liberalization policies. Agricultural production has attracted particular attention from either the Indian sector or government planners due to its importance in national Gross Domestic Product and employment, allowing this sector to play a significant role in the nation's monetary growth and in raising the income and living morals of the vast population dependent on agriculture. Over the past 15 years, a number of issues have arisen in Indian agriculture, and they are getting more severe with the passing of time. Because India is an agricultural economy, the country's pace of growth is also influenced by agriculture. Because resources are finite, a rise in the number of people who rely on agriculture will result in a reduction in per capita income. This is believed to be a significant contributor to widespread rural misery and a high rate of farmer suicides throughout the nation. There are certain severe issues that must be addressed within a specific time period in order to fix the issues before it is too late for everyone.***

KEYWORDS**:** ***Agriculture, Gross Domestic Product, Globalization, Liberalization.***

1. INTRODUCTION

India is a predominantly agricultural country. Agriculture is the sole source of income for nearly two-thirds of India's employed population. It is India's most important economic feature. Agriculture, along with its associated industries, is without a doubt India's most important source of income, with most major industries relying on it for inputs. Globalization, in addition to liberalization policies that have helped bring new possibilities for agrarian modernization, has had a significant impact on Indian agriculture over the last two decades. This has resulted in not only corporate takeover and diversification, but also a slew of technical and institutional advancements, thanks to investment in the industry. Despite the fact that agriculture's share of national production has decreased from over 50% in the Business & Management sector, agricultural production now accounts for 18% of India's GDP.

For about 58 percent of the workforce, agriculture continues to be the primary source of employment and revenue. Agriculture has gotten special attention from India's policymakers and development planners because of its importance in national production and jobs, allowing this sector to play a significant role in the country's economy and in raising the income and living standards of the vast majority of the country's population who rely on agriculture. One method for overcoming both fungibility and selectivity issues is supply characteristics, which involves treating credit as an exponential curve in the supply function. However, credit will favor one harvest over another. If the techniques are only applied to one crop, the demand effects may be overstated or underestimated if the consequences on other crops are not considered. It's simple to get around this problem by calculating the impact of credit expansion on aggregate production. This article takes this approach to calculating profit. We are not aware of any other experiments in which this procedure has been used. In a perfect world, one could calculate the impact on total rural manufacturing, which would include plants, livestock, and non-agricultural output from all rural households [1].

In the 1970s, the rapid growth of India's rural banking market provided an excellent opportunity for statistical analysis. Following their nationalization in 1968, large commercial banks were instructed to expand their rural subdivision system to increase their agricultural lending. Conventional co-operative organizations were quick to extend agricultural credit. The paper's first goal is to quantify the impact of this development on agriculture and the rural environment. the impact of increased credit on total agricultural production, agrarian savings, fertilizer demand, as well as labor utilization In rural areas, we also calculate the impact of credit on non-farm jobs and wages. The expansion of rural finance in India has been subsidized. Since they are determined by the government, agrarian loan rates are lower than those for urban and commercial loans. Commercial banks effectively cross-subsidize farming production by funding agricultural

loan managements with profits from other activities. The government contributes to the operating costs of the professional and noncredit systems. Furthermore, a large number of past-due and bad loans accumulate a debt that must be repaid by the taxpayer at some point. Over the last 15 years, a number of issues have arisen in Indian agriculture, and they are becoming increasingly serious as time goes on. Production growth, performance, equity, and long-term viability are all linked to these [2].

The most difficult task is to reverse the agricultural sector's sharp decline in growth rate that began in the mid-1990s. Agriculture's per income per capita is declining because the rate of increase has slowed in comparison to the rise in the number of people who depend on it. This is thought to be a major contributor to widespread rural distress as well as a high number of farmer suicides across the country. Another important task is to ensure that natural assets of the company are used sustainably. The country's regular resource base is dwindling, despite the obvious need for increased agricultural growth. In addition, the region contains symbols of land loss and water overuse. Since the WTO India's agricultural production has faced major challenges, with domestic prices of many commodities rising faster than international prices. Imports have benefited as a result of this, while exports have suffered. Improved productivity in agricultural production, marketing, as well as transportation, among other things, is required to improve Indian agriculture's competitiveness. Food market intervention is widely believed to have benefited only agricultural land-based regions around the world. Aside from dry land agricultural districts, the downpour has gone largely unnoticed. Small-scale farms, which account for the majority of both the country's farmers, are also being thoughtfully considered for their sustainability and future. The country's current bleak agricultural image is due to a number of factors and reasons. A lack of consistency in agricultural policy has existed for a long time[3], [4].

The country will not change institutional structures as well as regulatory framework in order to create an environment that is favorable to agriculture and to adapt to changes in the domestic and international environment, as is required. This is especially true when it comes to private sector participation in output and seed markets. The second explanation is that substructure has been overlooked and resources have been diverted to populist causes. The third reason is a slowed rate of development in potential regions, as well as a weakened technology distribution extension mechanism. Without significant agricultural reforms, it will be impossible to restore consistent production growth and alleviate rural distress. There is growing concern that if agriculture's challenges are not addressed quickly and effectively, India's economy will struggle to grow from its current 5.7 percent to more than 7%, as the try to come up. According to the 1.76 percent population growth rate in agricultural production since the mid-1990s, the non-agriculture sector must grow at a frequency of more than 13% to achieve a 9 percent overall growth rate. The challenges faced by individuals or groups in agriculture are depicted in Figure 1.

Figure 1: Obstacles to Food Grains Cultivation Faced by a Farmer or Organization.

Agriculture covers approximately 43% of India's total geographical area. Agriculture is India's single biggest contributor to GDP, notwithstanding a decline in its proportion of the country's GDP. It also showed a critical role in the socioeconomic growth of India. India used to be highly dependent on food imports, but the development of the Indian economy's agricultural sector has allowed the country to become grain self-sufficient. In this area, the country also possesses substantial deposits. Following the food crisis of 1960, the agricultural sector, particularly the food production unit, saw a boom. Since then, India has worked tirelessly to establish itself as a global leader in agricultural output, culminating in the Green Revolution. Services have already overtaken manufacturing in term of GDP share, accounting for almost 15%. It employs half of the population, contributes to production, provides raw materials, and serves as a request generator for a variety of companies. Food prices are used to compute inflationary pay goods, which is a major policy concern in the development process.

The question is whether the current trend in food prices is due to production inequities, with reduced farm development having met the stresses of an increased economy due to technical bottlenecks, or whether it is due to vulnerability to exchange as well as product commodities, or even a lack of institutional reform. Supply responds to increasing growth or high prices in Indian agriculture. Alternative explanations, such as mixed, mongrel, may be possible. For example, limitations in the food grains sector may be institutional or policy-driven, while in the semi grain sector, market and non-price variables dominate, especially in this portion of farming that does not react to values. When evaluating the impact of macroeconomic policy changes, the balance of monetary and fiscal policies must be taken into account[5]. A combination of restrictive fiscal or monetary policies would stifle economic development and may lead to a recession or slump with severe consequences across the board. An unpopular policy mixture is an overly expansionary fiscal policy coupled with an excessively expansionary monetary policy, which would result in fast inflation. Both of the other suggested combinations, contractionary fiscal policy with restrictive financial policy and preventative fiscal policy with simulative financial policy, are frequent. Interest rates as well as inflation are influenced by the relationship among macroeconomic policies, which have an impact on the agricultural sector. Changes in interest rates have an impact on variable profit margins, long-term capital expenditure, cash flow, house prices, and conversation rates, whereas increases have an impact on input costs, asset prices, inflation or interest rates, including property values. Given the growing convergence of the global economy,

future domestic and foreign policy changes will have a uniformly larger effect on the financial performance of the agriculture sector. As a consequence, for farmers or small farmers making strategic choices, knowing the connections between the macro conditions and agriculture is becoming more important. In the nation, there is a common perception that grocery market intervention has benefited mainly agriculturally advanced areas, whereas wet or dryland farming areas have been overlooked[6], [7].

1.1 Challenges in the Agricultural Economy Dependence on Nature:

India's agriculture is mostly rain-fed, and therefore heavily reliant on the countryside. Excessively hot and dry weather, as well as an unnecessary monsoon or lack of rainfall, are all issues to consider. Droughts have a direct effect on the Company's financial performance. Although these risks may never be fully eliminated, they can be reduced by adopting proactive measures and responding promptly. The global economy has been slowing for the last four and a half years. It has, thankfully, recovered at a slower rate; nevertheless, it still has flaws that must be addressed. Structural changes are required to address inflationary pressures, fiscal imbalances, infrastructural constraints, and inefficiencies. Unless these flaws are addressed in a systematic way, growth is only expected to rise up slightly. The Indian economy expanded at a slower-than-expected 4.7 percent, plagued by poor productivity, rising inflation, a sinking rupee, and restrictive monetary policies. The economy has continued to operate below capacity as a result of these factors. Agriculture may be the lone bright spot in an otherwise dismal year for economic indicators.

If structural improvements are implemented successfully, stronger development may be generated. India's long-term development potential is strong, despite a recent cyclical downturn, with promising prospects for workforce, worker skills, resources, infrastructure, and productivity. However, changes are required before the budget can achieve and sustain this quicker pace. While growth is anticipated to perk up in the near term, the projection is contingent on institutional bottlenecks that hinder investment being removed. Improvements in agricultural efficiency, as well as perishables marketing and distribution, are critical. God's assets, cold storage facilities, and the APMC's (Agriculture Produce Market Committee) reform are all included. Not only would this reduce inflation, but it would also increase supply by eliminating waste. According to the Indian Council for Agricultural Research's (ICAR) Vision 2030 report, the price of food and processed goods is rising due to rising population and per capita income.

Food grain consumption is expected to increase from 192 million tons in 2000 through 345 million tons in 2030, according to estimates. As a consequence, over the following 20 years, food grain output would increase by 5.5 million tons per year. High-value goods (such as horticulture, dairy, livestock, and seafood) are rising faster than food grain consumption, which is expected to increase by more than 100 percent between 2000 through 2030. Although this is a daunting as well as hard problem, it also presents numerous opportunities for the agricultural industry as a whole, tend to range from the progress of pledging innovations as well as management features to improving efficiency to meet rising food requirements at the lowest potential expense in a decreasing production environment. With demand in the agricultural industry rising to approximately 232 million from 229 million in 2011-12, our farmers will continue to be concerned about a shortage of skilled farm workers[8].

According to a study released by the World Trade Organization (WTO), overall import and export of nutrition and forestry increased by $1.66 trillion and $1.82 trillion, respectively. India's share of the market has been calculated at 2.05 percent or 1.34 percent, respectively. India's food production sector has long been regarded as a significant exporter of food to the rest of the globe. India produces about 250 million tons of food, including more than 100 million tons of rice, more than 90 million tons of wheat, and a variety of other foods such as pulses. The constant technical progress in the area of innovation has resulted in the rise of food products for export. From April 2000 to August 2013, FDI inflows into the agricultural activities and machinery sectors totalled US $ 1,529.19 million and the us $ 327.35 million, respectively, as according data from the Department of Skill Development or Entrepreneurship (DIPP). Agriculture's growth target in the 12th plan is anticipated to be 4%, up from 3.5 percent in the previous plan, overall agricultural productivity as well as growth must be maintained or improved to meet the nation's grain production requirements. The government is also working to revitalize the agriculture industry. The 12th plan prioritizes small and marginal farmers, increases output in rain-fed areas, and streamlines the value chain[9].

The administration is also attempting to revive the agriculture sector. Smallholder farmers are prioritized in the 12th plan, which also improves production in rain-fed regions and simplifies the supply chain. India must increase its access to expensive contemporary technologies, particularly agricultural biotechnology, in order to have a major effect on the cost of pricing and output of farm goods. Tomatoes (china), papayas, and other GMO food crops have been produced and consumed safely all over the globe (the US and China). Squash as well as zucchini, as well as maize, are grown in 16 nations (the US). Cotton growers in India have had comparable experiences and have had similar outcomes. In March 2014, the Genetic Engineering Assessment Committee issued its findings. Except for maize, farm experiments for crops were authorized by the auditor general's department. India should anticipate greater clarity on such crops now that the current administration is in place. Rural communities may take specific methods to protect their survival, livelihood, and culture in the age of globalization. The following are some of the strategies[10].

- Small-scale farmer mobilization for regional campaigns. Creating a strong alliance with other like-minded groups (NGO's and trade unions).
- Creating a Mechanism to Challenge Multinational Corporations (Multi-National Companies).
- Holding discussions with bankers and industrialists in order to consult with non-governmental organizations.
- Establishing goals with specific targets that impact rural communities at the grass roots level.
- Planning at the grass-roots level, with full participation at all levels.
- Maintaining a gender balance.
- Creating a network of leaders at different levels who are united and committed
- Creating a shared understanding and purpose among individuals from all walks of life.
- Poverty and Globalization.
- In the region, technology solutions as well as engineering management are two separate areas of significance. There will be fresh possibilities in rural India.
- India's economic growth depends on rural participation in the global competition. The position of villages in the new because of its distinct perspective and branding techniques.

2. DISCUSSION

Furthermore, there are indications of land loss and water soil depletion in the area. Water conservation and efficient natural resource management are critical. Higher-ups must plan for the long term and devote their resources. A fresh perspective and branding methods, as well as the application of biotechnology, may improve agriculture. Since the WTO, India's agriculture has experienced major difficulties, since local prices for several commodities have increased beyond international rates. The Indian economy is built on a supply-side system that responds to increasing demand and rising prices. Food prices are used to determine inflationary pay goods, which is a major policy problem in the development process. India's agriculture is mostly rain-fed, making it very dependent on the environment. the answer to the problems that a person or a group of people in agriculture are facing. To boost demand, a record-breaking green movement is required. Punjab became the top wheat producer as a consequence of the first Revolution. As a consequence, the only option to address the agricultural growth gap is for a second Green Movement to emerge. The revolution will, in essence, maintain the world green and prevent it from becoming a desolate wasteland. To reduce the cost of travel, strong measures to combat corruption at checkpoints and lower taxes on transportation companies are required. Exporting agricultural goods should be emphasized since it will lead to rural development and a significant number of employment openings. If immediate action is done, agriculture may become more buoyant, efficient, and commercial. India has the potential to play a key role in the WTO in the future.

3. CONCLUSION

In addition, there are signs in the region of land loss as well as water soil depletion. Conservation of water and effective natural resource management are essential. Higher-ups must dedicate their resources and prepare for the long term. Agriculture may be improved with a new viewpoint and branding techniques, as well as the use of biotechnology. Since joining the WTO, India's agriculture has faced significant challenges, since local prices for a variety of goods have risen beyond international levels. The Indian economy is based on a supply-side mechanism that reacts to growing demand and pricing. Inflationary pay items are determined

using food prices, which is a significant policy issue in the development process. The majority of India's agriculture is rain-fed, making it very reliant on the environment. The solution to a problem that a person or a group of people in agriculture is experiencing a record-breaking green movement is needed to increase demand. As a result of the first Revolution, Punjab became the leading wheat producer. As a result, the only way to close the gap in agricultural development is for a new Green Movement to arise. In essence, the revolution will keep the planet green as well as prevent this from becoming a barren wasteland. Strong efforts to fight corruption at checkpoints and reduced taxes on transportation firms are needed to decrease travel costs. Agricultural exports should be promoted since they will contribute to rural development and a large number of job opportunities. Agriculture may become more buoyant, efficient, and marketable if urgent action is taken. India has the potential to become a major player in the World Trade Organization in the future.

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