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A Study on Economic Status of Indian Farmers

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ABSTRACT

The economic status of most of the farmers in India is not so good. In some cases, it is found that the farmers are not getting the actual rate of their crops. Most of the Indian farmers have to face the loss every year as crops are destroyed due to the natural disasters like draughts, snow-fall or heavy raining.

Most of the farmers have to take loans in order to survive. The financial condition of most of the Indian farmers is so bad that some of them had to choose the way of suicide. Government policies are not so much flexible that it can help the farmers in recovering the cost of the production of crops.

In most of the cases, it is found that farmers spent a lot of money for the production of crop but at the time of selling, they are not given proper rates for the crops and they have to face loss. The current paper highlights the economic status of farmers in India.

KEYWORDS:

Farmer, Agriculture, Economy

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INTRODUCTION

New technology is being introduced in the agriculture sector so that the economic status of the farmers can be improved. It is said that if the farmers cultivate the land naturally for many years then there is less possibility that their production can be improved. In order to enhance their production, the farmers need to adapt the new technologies.

Due to lack of knowledge about new technologies like usage of hybrid seeds, organic methods; the farmers are not able to increase their productivity. Most of the farmers are under the trap of debt. In order to improve the economic status of the farmers, banks should issue soft loans for them.

Recently, in some states like Uttar Pradesh, Maharashtra and Haryana etc. governments have provided relief for outstanding debt. Governments should create the opportunities for the farmers so that they don't rely only on the agriculture for their livelihood. There are other sources like Horticulture and Forticulture etc. through which the farmers can get extra income.

Natural disaster is also a big problem for the farmers as their crops are destroyed either by heavy raining or lack of raining. It is observed that most of the crops are destroyed in the states like Maharashtra and

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Karnataka where lack of raining is noticed in almost every year. Also, the graph of committing suicide by farmers is found very high in these states because of facing critical loss in crop production due to draught.

The study suggests that co-operative banks still emerge as an important source of financing loans. Steps should be taken to improve their efficiency. Gramin banks and mortgage bank should also prefer to provide loan to farmers on easy terms and conditions.

The study suggests that farmers should adopt allied activities as dairying, piggery, poultry farms, vegetables garden and other commercial crops so that they can supplement their income. The farmers of these two districts are still relying only on paddy and wheat and alternative sources.

The farmers should avail the opportunity of MNREGA (Mahatama Gandhi National Rural Employment Guarantee Act). Another problem prevalent in India is drug addiction. Steps should be taken to uproot it. Education is the best step to solve all problems. More focus needs to be given to education to both males and females. We know that education is the key to development and development leads to prosperity.

Reliance of agriculture is still on natural rain. Some-times rain, storm, hail storms and natural calamities play havoc with their ripened crops. Such distressed farmers bear huge losses. The governments should reserve money in their pool to help such farmers so that they can pursue agriculture activities for the next crop and maintain their house-holds activities and give their loans taken from the bank.

REVIEW OF RELATED LITERATURE

The issue of indebtedness is not a recent phenomenon. According to Aggarwal (2009) the main problem confronting the burden the farmer has been farm indebtedness. The study was carried out in the Sangrur district of India state. Reserve bank included this district in its all India rural debt and investments survey of 2009-10, which made the data available for carrying the current study on indebtedness in the pre-green revolution period. Two development blocks, viz Malerkotla and Ahmedgarh from within the district were selected for the study since the impact of green revolution here was more noticeable, compared to other parts of the district because of better irrigation facilities.

According to the researchers Indian agriculture has so far not been able to make the desired progress mainly due to heavy indebtedness of the cultivators. The mounting burden of farm debts resulted primarily from the low productivity of the agriculture sector and unfavourable products. The situation changed after the mid sixties as there occurred a major break-through in agricultural production in some parts of the country, triggered by the introduction of high yield varieties seeds.

Anupreet (2010) stress on the availability of irrigation resources as a factor that increase efficiency for both owners and tenants. While several attempts have been made to explain the inefficiencies of sharecropping systems found in developing economies they have been marked by certain definitional flaws. A more rigorous analysis of sharecropping that incorporate size class differences among owners and tenants thus becomes necessary. Earlier studies had also stressed on land productivity and intensity of farm resources utilization as indicators of efficiency, but they are seen as measures of relative efficiency only under restrictive assumptions.

Bagchi (2009) looked into the pattern of regional distribution of national agricultural credit vis-a-vis the regional growth of agriculture. The study has revealed that on the whole, the distribution of agriculture credit is not based on the parameters of agriculture growth. It found that the states in the low growth rates zone, total advances were not on account of total cropped area , gross and net irrigated area.

Bathaiah (2012) examines the finance gap literature relating to farmers in general and specially in India. The study reviews the financial provision and investigates the lendings policies of financial institutions.

The study investigates the relationship between education, level of income , social class and the relationship between farmers and financial institutions. The study investigates the relationship between farmers and financial institutions. The results show that credit limits adversely impact the efficiency of smaller farmers. Information asymmetry and under development of financial markets for small farmers leads to financial exclusion and negatively impact economic development.

Bhalla (2010) on the basis of empirical evidence tries to analyse the actual costs of the farmers adopting high yielding varieties of seeds (HYVs) and the resulting benefits. An attempt has been made in this research to determine viable and potential v units and to suggest a strategy for adopting the HYVs through which the farmers while minimizing the increase in costs , gets substantial gains to induce him to continue cultivating the HYVs, a computer model of the villages was made an experienced upon to study the consequences in terms of additional costs and returns of the various changes made.

Bhullar (2011) attempt to view the disparities in the levels of income, consumption and investment of progressive farmers in relation to the less progressive ones and also between the different size in each category. It is hypothetical that inequalities in income distribution have widened due to the impact of the new technology and these are likely to increase further with the advanced of a new technology.

The study by Bourlag (2010) indicate that the absolute income level of households or its income trends is more significant in determining its consumption and investment pattern in: i. Expenditure on durable consumer goods, luxury goods, and valuable assets such as gold, jewellery.

ECONOMIC STATUS OF INDIAN FARMERS

For a long time, economists have debated on the relative importance of agriculture and industry in economic development of a country. Accordingly, different priorities have been assigned to these two key sectors of the economy in developmental planning. But the real issue is now whether agriculture should be accorded maximum priority in planning or, industrial development.

Agriculture not only supplies food to a country's growing population, it also supplies raw materials to a large number of industries. In truth, most of India's traditional industries such as sugar, tea, jute, textiles, etc. are agro-based in nature. So a setback on the agricultural front adversely affects the growth of such industries. This is known as the supply linkage of agriculture with industry.

Agriculture has also demand linkage with industry. Agriculture creates demand for basic inputs such as chemical fertilizers, pesticides, etc., but also for capital goods, like tractors, pump sets, etc., and for light consumer goods such as two wheelers, radios, mobiles, TV sets etc., more so after the recent trend towards rural electrification.

With transformation of traditional agriculture, there is specialisation which leads to production for exports. If, at the same time, industry develops under the impact of agricultural growth, the two sectors become highly interdependent.

The industrial sector adds to demand for agricultural goods, and absorbs surplus labour which may raise yield per hectare. In turn, the agricultural sector provides a market for industrial goods out of rising real income, and makes a further contribution to development, through the release of resources—if productivity rises faster than the demand for commodities.

Thus, agricultural development is so much important for reducing urban unemployment and income inequality. Moreover, understanding the interactions between agriculture and the other sectors of the economy is crucial for shaping appropriate developmental policies.

Although agriculture is the dominant sector of the economy, it is characterised by low productivity and low supply elasticity. The low productivity per worker implies that the major proportion of the output is absorbed within agriculture itself, i.e., self-consumption is high. So, little surplus is left for use in industry and other sectors.

Thus, the larger the proportion of agricultural output absorbed by the industrial sector, the greater is the market for industrial goods. Agricultural growth—along with growth in exports and public investment—could lead to an external increase in demand for industrial goods.

Specifically, certain farm outputs are substituted by manufacturing outputs while others undergo increasing degrees of processing in the non-agricultural sectors. Industrial inputs, on the other hand, substitute for farm inputs to an increasing degree as income rises. For example, chemical fertilizers substitute for manure and capital goods for human labour and animal power.

More specifically the development of agriculture may increase that sector's demand for the intermediate inputs, such as insecticides, and machinery, provided by industry. It may also increase the supply of agricultural raw materials to the industrial sector.

These two aspects will be studied through the backward and the forward inter-industry linkage effect. The development of agriculture also provides employment for agricultural workers and, as their incomes rise, an increased demand for consumer goods produced in the industrial sector.

The availability of such goods often acts as an incentive to greater work effort, savings and productivity in the agricultural sector. These factors will be studied through the employment and income-generation linkage effect. This process of increasing interdependence of the sectors is called **"**sectoral articulation**".**

Modern economists have challenged this orthodox view on the grounds that modern, chemical-biological agriculture requires heavy investments on irrigation, and water control. It,' therefore, becomes necessary to stem or even reverse the resource outflow from agriculture if agricultural production is to keep up with the explosive population growth in many parts of the world.

CONCLUSION

The production squeeze can assume different forms. In the Marxist-Leninist approach, output can be extracted directly through compulsory delivery at low prices to the non-agricultural sector. Alternatively, it can be extracted through a combination of high farm prices and high farm taxes.

The production squeeze can also assume an indirect form and operate through the market mechanism. Within a market-oriented and relatively perfectly competitive set up the commercial family farmer operates like a capitalist. Farmers use new technologies to keep cost down. This enables the industrial sector to get more and more supplies of food at lower and lower prices.

The deterioration of the terms of trade is one reason for the relative decline of the agricultural sector. The pressure of a competitive system and a rapidly advancing technology is the other. Farmers who do not adopt and exploit new methods or technologies will either have to drift to the city to join the ranks of the urban employed and the slum-dwellers or become the people who were left behind and descend into the lost world of non-commercial (subsistence) farming. This constitutes the basis of what W.F. Owen calls **"the expenditure squeeze".**

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