

FREE E-BOOK



PRESENT SCENARIO OF INDIAN AGRICULTURE & ALLIED ACTIVITIES

**Agriculture & Rural Development
(ARD) Notes**



FOR NABARD GRADE A EXAM

Present Scenario of Indian Agriculture and Allied Activities

ARD Notes for NABARD Gr. A Exam

Recent Trends

Here are some of the latest facts & figures about agriculture in India.

- Agriculture is the primary source of livelihood for about 58 per cent of India's population.
- The Indian food industry is poised for huge growth, increasing its contribution to the world food trade every year due to its immense potential for value addition, particularly within the food processing industry.
- The Indian food and grocery market is the world's sixth largest, with retail contributing 70 per cent of the sales.
- The Indian food processing industry accounts for 32 per cent of the country's total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth.
- It contributes around 8.80 and 8.39 per cent of Gross Value Added (GVA) in Manufacturing and Agriculture respectively, 13 per cent of India's exports and six per cent of total industrial investment.

Major Government Initiatives:

Some of the recent major government initiatives in the sector are as follows:

- Prime Minister of India launched the Pradhan Mantri Kisan Samman Nidhi Yojana (PM- Kisan) and transferred Rs 2,021 crore (US\$ 284.48 million) to the bank accounts of more than 10 million beneficiaries on February 24, 2019.
- The Government of India has come out with the Transport and Marketing Assistance (TMA) scheme to provide financial assistance for the transport and marketing of agriculture products in order to boost agriculture exports.
- The Agriculture Export Policy, 2018 was approved by the Government of India in December 2018. The new policy aims to increase India's agricultural exports to US\$ 60 billion by 2022 and US\$ 100 billion in the next few years with a stable trade policy regime.
- In September 2018, the Government of India announced Rs 15,053 crore (US\$ 2.25 billion) procurement policy named 'Pradhan Mantri Annadata Aay SanraksHan Abhiyan' (PM-

AASHA), under which states can decide the compensation scheme and can also partner with private agencies to ensure fair prices for farmers in the country.

- In September 2018, the Cabinet Committee on Economic Affairs (CCEA) approved a Rs 5,500 crore (US\$ 820.41 million) assistance package for the sugar industry in India.
- With an aim to boost innovation and entrepreneurship in agriculture, the Government of India is introducing a new AGRI-UDAAN programme to mentor start-ups and to enable them to connect with potential investors.
- The Government of India has launched the Pradhan Mantri Krishi Sinchai Yojana (PMKSY) with an investment of Rs 50,000 crore (US\$ 7.7 billion) aimed at the development of irrigation sources for providing a permanent solution to drought.
- The Government of India plans to triple the capacity of the food processing sector in India from the current 10 per cent of agriculture produce and has also committed Rs 6,000 crore (US\$ 936.38 billion) as investments for mega food parks in the country, as a part of the Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters (SAMPADA).
- The Government of India has allowed 100 per cent FDI in the marketing of food products and in food product e-commerce under the automatic route.

Major Challenges in Agricultural Measures to Enhance

Some of the major problems and their possible solutions have been discussed as follows. Indian agriculture is plagued by several problems; some of them are natural and some others are manmade.

- **Small and fragmented landholdings:** The seeming abundance of net sown area of 141.2 million hectares and total cropped area of 189.7 million hectares (1999-2000) pales into insignificance when we see that it is divided into economically unviable small and scattered holdings.
- **Seeds:** Seed is a critical and basic input for attaining higher crop yields and sustained growth in agricultural production. The distribution of assured quality seeds is as critical as the production of such seeds. Unfortunately, good quality seeds are out of reach of the majority of farmers, especially small and marginal farmers mainly because of the exorbitant prices of better seeds.
- **Manures, Fertilizers and Biocides:** Indian soils have been used for growing crops over thousands of years without caring much for replenishing. This has led to the depletion and exhaustion of soils resulting in their low productivity. The average yields of almost all the crops are among the lowest in the world. This is a serious problem that can be solved by using more manures and fertilizers.
- **Irrigation:** Although India is the second-largest irrigated country of the world after China, only one-third of the cropped area is under irrigation. Irrigation is the most important agricultural

input in a tropical monsoon country like India where rainfall is uncertain, unreliable, and erratic India cannot achieve sustained progress in agriculture unless and until more than half of the cropped area is brought under assured irrigation.

- **Lack of mechanisation:** In spite of the large-scale mechanisation of agriculture in some parts of the country, most of the agricultural operations in larger parts are carried on by human hand using simple and conventional tools and implements like a wooden plough, sickle, etc. Little or no use of machines is made in ploughing, sowing, irrigating, thinning, and pruning, weeding, harvesting threshing and transporting the crops. This is especially the case with small and marginal farmers. It results in huge wastage of human labour and in low yields per capita labour force.
- **Soil erosion:** large tracts of fertile land suffer from soil erosion by wind and water. This area must be properly treated and restored to its original fertility.
- **Agricultural Marketing:** Agricultural marketing still continues to be in a bad shape in rural India. In the absence of sound marketing facilities, the farmers have to depend upon local traders and middlemen for the disposal of their farm produce which is sold at a throw-away price. In most cases, these farmers are forced, under socio-economic conditions, to carry on distress sale of their produce. In most small villages, the farmers sell their produce to the moneylender from whom they usually borrow money.
- **Inadequate storage facilities:** Storage facilities in rural areas are either totally absent or grossly inadequate. Under such conditions, the farmers are compelled to sell their produce immediately after the harvest at the prevailing market prices which are bound to be low. Such distress sale deprives the farmers of their legitimate income.
- **Inadequate transport:** One of the main handicaps with Indian agriculture is the lack of cheap and efficient means of transportation. Even at present, there are lakhs of villages which are not well connected with main roads or with market centres. Most roads in the rural areas are Kutchha (bullock- cart roads) and become useless in the rainy season. Under these circumstances, the farmers cannot carry their produce to the main market and are forced to sell it in the local market at a low price. Linking each village by metalled road is a gigantic task and it needs huge sums of money to complete this task.
- **Scarcity of capital:** Agriculture is an important industry and like all other industries it also requires capital. The role of capital input is becoming more and more important with the advancement of farm technology. Since the agriculturists' capital is locked up in his lands and stocks, he is obliged to borrow money for stimulating the tempo of agricultural production.

Viability of Agricultural Factors of Production in Agriculture

Agricultural viability is an attractive ideal supported by a variety of stakeholder groups, narrowly defined, agricultural viability is the ability of a farmer or a group of farmers to maintain an economically viable farm business.

The general factors determining agricultural productivity are as follows:

- The pressure of Population on Agriculture
- Rural Environment
- Role of Non-farm Services
- Size of Holdings
- The pattern of Land Tenure

Agricultural biodiversity provides humans with food and raw materials for goods - such as cotton for clothing, wood for shelter and fuel, plants and roots for medicines, and materials for biofuels - and with incomes and livelihoods, including those derived from subsistence farming.

Agricultural Finance and Marketing

Agriculture finance refers to (public or private) resources (in form of equity, gift, or loan) for improving social welfare through the development of the agricultural sector, Agriculture finance empowers poor farmers to increase their wealth and food production to be able to feed 9 billion people by 2050.

Agricultural marketing brings producers and consumers together through a series of activities and thus becomes an essential element of the economy, The scope of agricultural marketing is not only limited to the final agricultural produce, but it also focuses supply of agricultural inputs (factors) to the farmers.

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Impact of Globalization on Indian Agriculture and Issues of Food Security

The impact of globalization on Indian agriculture has been felt since colonial times, Raw cotton and species were important export items from India, in 1917, Indian farmers revolted in Champaran against being forced to grow indigo instead of food grains, in order to supply dye to Britain's flourishing textile industry.

Thus, globalization has had its boons and banes for Indian agriculture.

- Post liberalization, Indian farmers face new challenges in the form of competition from the highly subsidized agriculture of developed nations.
- This prompts the need of making Indian agriculture successful and profitable by improving the conditions of small and marginal farmers, countering the negative effects of the Green Revolution, developing, and promoting organic farming, and diversifying cropping patterns from cereals to high-value crops.

There are positive and negative impacts of globalization on Indian farmers:

Positive Impact

- New techniques are adopted in farming
- Increase in productivity
- Minimum usage of fertilizer, pesticides, and water
- Fruits, nuts, vegetables which were first imported from foreign countries are now produced at our places and exported which in turn increases foreign exchange
- R & D to acquire a position in the world agriculture market
- Establishment of food processing industries, increase in employment
- Minimum wastage of grains, fruits, vegetables as we can adopt techniques from developing country

Negative Impact

- Less manpower in the field, unemployment in villages
- High cost
- Gap increase between rich and poor farmers
- High cost > high loans > if crop fails > high loss > suicide.

Challenges to Food Security

- **Climate Change:** Higher temperatures and unreliable rainfall make farming difficult; Climate change not only impacts crops but also livestock, forestry, fisheries, and aquaculture, and can cause grave social and economic consequences in the form of reduced incomes, eroded livelihoods, trade disruption and adverse health impacts.
- **Lack of access to remote areas:** For the tribal communities, habitation in remote difficult terrains and the practice of subsistence farming has led to significant economic backwardness, deserving beneficiaries of the subsidy are excluded on the basis of non-ownership of below poverty line (BPL) status, as the criterion for identifying a household as BPL is arbitrary and varies from state to state.
- **Biofuels:** The growth of the biofuel market has reduced the land used for growing food crops.
- **Conflict:** Food can be used as a weapon, with enemies cutting off food supplies in order to gain ground, Crops can also be destroyed during the conflict.
- **Unmonitored nutrition programmes:** Although a number of programmes with improving nutrition as their main component are planned in the country these are not properly implemented, Lack of coherent food and nutrition policies along with the absence of intersectoral coordination between various ministries.
- **Corruption:** Diverting the grains to the open market to get a better margin, selling poor quality grains at ration shops, the irregular opening of the shops adds to the issue of food insecurity.

Concept of Farm Management

Farm management is the science and art of optimizing the use of resources in the farm of farm-households and of achieving the optimal functioning of these systems in relation to household-specified objectives.

In short, we may conclude following points:

- Since all the three main factors of farm i.e., land, labour and capital are limited, FM deals with the judicious decisions while using scarce farm resources having alternative uses to obtain maximum profit and family satisfaction on a continuous basis from the farm as a whole under sound farming programmes.
- Optimization means achieving the farm household's goals as efficiently as possible in the face of whatever constraints of a physical, environmental, legal, or socio-cultural nature may be relevant.
- This implies obtaining the maximum possible net benefit over time from the operation of the farm system.

- The net benefit is measured in terms of output/profit or more broadly, as satisfaction or utility.
- Maximization of net benefit implies efficient use of available resources and opportunities, For the achievement of a given level of net benefit, it implies the minimization of costs.

Sources

- NABARD Website,
- Ministry of Agriculture,
- India Yearbook 2020

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