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Economic growth of farmers in India

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Abstract
Global competitiveness Indian agriculture has to be of better quality and low priced. The situation worsened and in 1997 the debt burden of agriculture farmers of India stood at Rs. 5700.19crores. Despite the record production the farmers are poor 85 percent of India's farmers are reeling under heavy debt burden. Exorbitant rates by moneylenders in the state charge from 18 per cent to 30 per cent make in-fact impossible to return the money and resort to more indebtedness.
When we talk of socio- economic status, the issue of farmers committing suicides takes a top priority. Farmers have been committing suicides increasing day by day in India over the last few years. Suicides by cultivators and agriculture laborers have been reported in India since the mid 1980s. This is caused by a multi-dimensional crisis of the rural in the post-green revolution phase of agricultural development

Keywords: Farmer, Agriculture, Economy

Introduction
Land holdings of farmers reduce productivity. According to a saying,"If you do cultivate your land as your forefathers, you will not get high output though you are hardworking but if you cultivate your land with new techniques you will get high output weather you are less hardworking." Thus technology helps to enhance productivity.
Small agriculture holdings resulted in low productivity because new techniques and machinery cannot be efficiently used in these small holdings. Lack of knowledge about new techniques, methods of production, Hybrid seeds, and supply of efficient agricultural inputs are also resulting in low productivity.
As is evident, farmers in India are under debt trap and India is no exception. To alleviate them from debt-burden, banks should give soft loans to these farmers to help them pursue their agriculture activities with easy terms and conditions. When loan to these farmers‟ will be available at low rates, they will be able to use better seeds, better fertilizers, better techniques of production. These will boost agricultural productivity and hence agricultural income.
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.
Government should take steps to give subsidies on fertilizer, seeds, implements, irrigation system, dairying, poultry farms. Spurious seeds and fertilizers should be checked by the government. Small and Illiterate farmers should make use of the subsidies which the Government announces from time to time.
There is a need for minimum support prices to be maintained. While fixing minimum support prices, total costs of agriculture and benefit to farmer should be taken in to account. Although India is poor country and gives subsidies on food, it should not forget the interest of farmers while fixing minimum support price.
The other down-trodden groups like the scheduled castes and backward classes get several special privileges from the government. This is due to the fact that they are socially and economically handicapped. Such socially under privileged groups do deserve some special concessions. But there is a case for extending, at least, some concessions to farmers as well.

Review of Related Literature
The issue of indebtedness is not a recent phenomenon. According to Aggarwal (2009) [1] 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) [2] 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) [3] 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) [4] 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) [5] 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) [6] 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) [7] 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. As it represents the saving side of the household beyond the essential consumption expenditure; the income elasticity of this particular item may be quite high. ii. Increase or decrease in the net burden of indebtedness of the households.

Chand (2010) [8] attempts to study the socio-economic characteristics of the different categories of small farmers, viz, pure tenants, pure owners and part owners, culturally in an agriculturally progressive area of Kapile-swarapuram and Vrayavaram blocks in the East Godavari district of Andhra Pradesh. The results highlight that in agriculturally progressive area, the small farmers have a more diversified economic activity. Those who have more labour power, limited occupation diversification but have little or no land take up cultivation on leased land, since agriculture in a progressive area is a profitable occupation.

Discussion

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".

The drift to the city is not costless for the agricultural sector. Indeed, the cost of rearing and educating that part of the nonfarm labour supply which originates in the farm sector represents a 'capital' transfer from agriculture to industry.

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