

# AGRICULTURE RURAL MARKET OPPORTUNITY AND CHALLENGES IN INDIA

*Ram Kumar Sahu<sup>1</sup>, Dr. Reshma Shrivastava<sup>2</sup>*

<sup>1</sup>Assistant Professor, Management dept., Raipur Institute of Technology, Raipur (C.G.)

<sup>2</sup>Principal, Disha Institute of Management & Technology (DIMAT), Raipur (C.G.)

E-mail- [ramminto345@gmail.com](mailto:ramminto345@gmail.com), [reshma.shrivastava@dishamail.com](mailto:reshma.shrivastava@dishamail.com)

## ABSTRACT

*India has so far been a successful Country in the Asian continent. India is 7<sup>th</sup> Largest Country in terms of area and 2<sup>nd</sup> largest in the terms of population India is the sixth largest economy in the world with a nominal GDP of \$2.45 trillion. The country ranks third in GDP in terms of purchasing power parity at \$9.49 trillion. India's GDP is still highly dependent on Agriculture around 17%. However, India recently overtook China as the fastest growing large economy and is expected to jump up to rank fourth on the list by 2022. Agricultural sector plays a strategic role in the progress of economic development of a country. Agriculture has already made a significant contribution to the economic prosperity of advanced countries and Agriculture have vital role in the development of economic developed countries. On the economic side there are many Challenges, related to the Agricultural production and market for this Agricultural products more focus need to be on enhancing inclusiveness and ensuring that the benefits for the Agricultural Industries. More than 60% percent of Indian live in rural areas depends, directly or indirectly, on agriculture for their livelihood. Hence, an inclusive growth strategy needs to include investments in Agriculture infrastructure as well as programs by Government to increase Agriculture industry in the country.*

**Keywords:** *Economic development, Agriculture, Industry, Growth, Rural, Market, Challenges.*

## 1.Introduction

India is a Land of Agriculture over 58 per cent of the rural households depends on agriculture as their principal means of livelihood. Agriculture plays a vital role in India's economy. As per the 2nd advised estimates by the Central Statistics Office (CSO), the share of agriculture and allied sectors (including agriculture, livestock, forestry and fishery) is estimated to be 17.3 per cent of the Gross Value Added (GVA) during 2016-17. The Indian food industry is poised for huge growth, increasing its contribution to 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.

The history of Agriculture in India dates back to Indus Valley Civilization Era and even before that in some parts of Southern India.<sup>[1]</sup> Today, India ranks second worldwide in farm output. Agriculture and allied sectors like forestry and fisheries accounted for 13.7% of the GDP about 50% of the workforce. The economic contribution of agriculture to India's GDP is steadily declining with the country's broad-based economic growth. Still, agriculture is demographically the broadest economic sector and plays a significant role in the overall socio-economic fabric of India. India exported \$38 billion worth of agricultural products in 2013, making it the seventh largest agricultural exporter worldwide and the sixth largest net exporter. Most of its agriculture exports serve developing and least developed

nations. Indian agricultural/horticultural and processed foods are exported to more than 120 countries, primarily in the Middle East, Southeast Asia, SAARC countries, the EU and the United States. India is the world's largest producer of many fresh fruits and vegetables, milk, major spices, select fibrous crops such as jute, staples such as millets and castor oil seed. India is the second largest producer of wheat and rice, the world's major food staples. India is the world's second or third largest producer of several dry fruits, agriculture-based textile rawmaterials, roots and tuber crops, pulses, farmed fish, eggs, coconut, sugarcane and numerous vegetables. India ranked in the world's five largest producers of over 80% of agricultural produce items, including many cash crops such as coffee and cotton, in 2010. India is one of the world's five largest producers of livestock and poultry meat, with one of the fastest growth rates.

Steps taken so far by Government. since 1952 - 2017

1. Subsidies for Agriculture - mainly as Fertilizer subsidies
2. Free /low cost electricity
3. Other subsidies for Agriculture equipment etc.
4. Hybrid seed development through Agriculture universities

### 1.1 Literature Review

As per Kanu Raheja (2005): Furthermore, the rural poor need to participate in the development and implementation of the relevant policies and programs, which need to ensure

As per Fez Ghanem(2014): (1) increasing food reserves and using financial markets for risk reduction, (2) improving the linkage of smallholders and family farmers to markets and helping them increase domestic food production while raising their incomes, and (3) supporting the development of independent producer organizations that provide voice for smallholders and also help them gain better access to input and output markets.

As per Gerard Sylvester(2017):In countries like India, where agriculture is central to the national economy, adequate irrigation is crucial and the water pump is a core component.

As per Dimitris Diakosavvas(2006): A greater improvement has been gained in the field of water quality and Agri-environmental programmes are mainly preserving a “*status quo*” in the relationship between agriculture and environment and the changes it is necessary to make to land-use are not being sufficiently stimulated.

As per Steve Wiggins(2016):The role of small-scale family farms in development and the eventual fate of smallholders(‘peasants’) is one of the longest-standing issues in agricultural development,

### 1.2 Objective

1. To know the living standard of the rural people by providing ways to develop rural India.
2. To know various schemes made by government for developing its rural areas.
3. To know the various ways to Market the Agricultural products in Indian Market.
4. To know the Opportunity and challenges Agricultural sector in India.

### 1.3 Recent Development

According to the Department of Industrial Policy and Promotion (DIPP), the Indian agricultural services and agricultural machinery sectors have cumulatively attracted Foreign Direct Investment (FDI) equity inflow of about US\$ 2.45 billion and the food processing sector has attracted around US\$ 7.81 billion during April 2000 to June 2017.

Some major investments and developments in agriculture are as follows:

India and Brazil have signed a bilateral investment agreement, aimed at enhancing cooperation in areas of agriculture, cattle genomics, ship building, pharmaceuticals, defence production, ethanol production and oil and gas, between the countries.

Parle Agro Pvt Ltd is launching Frooti Fizz, a succession of the original Mango Frooti, which will be retailed across 1.2 million outlets in the country as it targets increasing its annual revenue from Rs 2800 crore (US\$ 0.42 billion) to Rs 5000 crore (US\$ 0.75 billion) by 2018.

Zephyr Peacock, the India-focused private equity fund of US-based Zephyr Management, has invested an undisclosed amount in Bengaluru-based potato seeds firm Utkal Tubers India Pvt Ltd, which will be used to produce high-quality mini-tubers in a tissue culture laboratory and multiply them in its own development farms and through supervised contract farming in different regions of the country.

### 1.4 Government Initiatives

Government of India, in its Budget 2017–18, planned several steps for the sustainable development of agriculture.

Total allocation for rural, agricultural and allied sectors for FY 2017-18 has been increased by 24 per cent year-on-year to Rs 1,87,223 crore (US\$ 28.1 billion). A dedicated micro-irrigation fund will be set up by National Bank for Agriculture and Rural Development (NABARD) with a corpus of Rs 5,000 crore (US\$ 750 million). The government plans to set up a dairy processing fund of Rs 8,000 crore (US\$ 1.2 billion) over three years with initial corpus of Rs 2,000 crore (US\$ 300 million).

The participation of women in Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has increased to 55 per cent and allocation to the scheme has been increased to a record Rs 48,000 crore (US\$ 7.2 billion) for FY2017-18.

Short-term crop loans up to Rs 300,000 (US\$ 4,500) at subsidised interest rate of 7 per cent per annum would be provided to the farmers. An additional incentive of 3 per cent is provided to farmers for prompt repayment of loans within due date, making an effective interest rate for them at 4 per cent.

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

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 development of irrigation sources for providing a permanent solution from drought.

The Government of India plans to triple the capacity of 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 Union Cabinet, Government of India, approves Rs 9,020 crore (US\$ 1.4 billion) as Extra Budgetary Resources (EBR) for execution of projects under Accelerated Irrigation Benefits Programme (AIBP) and their command area development (CAD) works under PMKSY.

A new platform for selling agricultural produce named e-RaKam has been launched by the Government of India and will operate as a joint initiative of Metal Scrap Trade Corporation Limited and Central Railside Warehouse Company Limited (CRWC).

The NITI Aayog has proposed various reforms in India's agriculture sector, including liberal contract farming, direct purchase from farmers by private players, direct sale by farmers to consumers, and single trader license, among other measures, in order to double rural income in the next five years. The Ministry of Agriculture, Government of India, has been conducting various consultations and seeking suggestions from numerous stakeholders in the agriculture sector, in order to devise a strategy to double the income of farmers by 2022.

The Government of India has allowed 100 per cent FDI in marketing of food products and in food product e-commerce under the automatic route.

The Maharashtra State Agriculture Marketing Board (MSAMB) has operationalised 31 farmer-to-consumer markets in the state, and plans to open 100 more such markets in the future, which would facilitate better financial remunerations for the farmers by allowing them to directly sell their produce in open markets.

The Ministry of Labour and Employment plans to amend the Minimum Wage Act to raise the daily minimum wage of unskilled agricultural labour in C-class towns to Rs 350 (US\$ 5.2) in the central sphere, from the current wage of Rs 160 (US\$ 2.4) per day.

The Government of India and the Government of Israel have expressed their commitment to further strengthen bilateral relations in the field of agriculture and allied sectors, as well as enhance cooperation at the government-to-government and business-to-business levels between the two countries, in a bid to further enhance the relationship.

According to the Agriculture Ministry, 50,000 hectares of area is available for coconut cultivation in Bihar, the Coconut Development Board plans to equip the farmers thus making India the world leader in production, productivity, processing for value addition and export of coconut.

## **1.6 Challenges**

A rural market in India farmers with limited marketing options sell their surplus produce

**Infrastructure:** India lacks cold storage, food packaging as well as safe and efficient rural transport system. This causes one of the world's highest food spoilage rates, particularly during monsoons and other adverse weather conditions. Food travels to the Indian consumer through a slow and inefficient chain of traders. Consumers buy agricultural produce in suburban markets known as 'sabzi mandi' such as one shown or from roadside vendors.

Indian agriculture includes a mix of traditional to modern farming techniques. In some parts of India, traditional use of cattle to plough remains in use. Traditional farms have some of the lowest per capita productivities and farmer incomes.

India has become the world's largest manufacturer of tractors with 29% of world's output in 2013; it is also the world's largest tractor market. Above a tractor in use in north India.

Slow agricultural growth is a concern for policymakers as some two-thirds of India's people depend on rural employment for a living. Current agricultural practices are neither economically nor environmentally sustainable and India's yields for many agricultural commodities are low.

Poorly maintained irrigation systems and almost universal lack of good extension services are among the factors responsible. Farmers' access to markets is hampered by poor roads, rudimentary market infrastructure, and excessive regulation."

### 1.7 Opportunity

There is Various New Opportunity in Indian Agriculture sector.

- 1.) Developed various crop-based producer groups to provide stronger linkages between producers and buyers throughout the region.
- 2.) Expanded access to credit training and technical assistance for loan borrowers and officers.
- 3.) Built the capacity for private sector agribusinesses.
- 4.) Conducted mentoring, training, workshops and technical assistance for private sector agribusinesses.
- 5.) Promoted value addition in targeted sectors and introduced new crops.

### 1.8 Challenges

The major problems were:

- Drought,
- Flood,
- Poor irrigation system,
- Desalination of soil,
- Absence of technology,
- Poverty,
- Less Government support.
- Poor implementation of Government projects.
- Lack of infrastructure
- Lack of coordination Central & State governments and other agencies should work together to develop and implement improved policies and developmental models to radically change and modernise Indian agriculture.

## 2. Conclusion

According to this study India is one of the largest producer of Agriculture product and exporter of Agriculture product in the world. The agricultural sector is of vital importance for the regional and economy development of India. But still India cannot enjoy the optimum benefit from this Agricultural sector. Because there are many challenges are face by this sector and this challenges needed serious attention as soon possible. If India wanted to create rapid pasc in the development of India economy then Government should form an new strategy and policy that help to create better market for the this agriculture produces so farmers can get the true value for the yield. Government should also focus on the implementation part of the various scheme and policies so the impact can be seen in the economy development in rapid speed. And also need the flexibility in all the policy and scheme which is formed by the Government. If all go well then definitely with the help of the biggest sector reformed called Agricultural Indian can become one of the biggest economy.

## 3. Reference

- [1]. The Economic Survey 2016–17, Agricultural and Processed Food Products Export Development Authority (APEDA), Department of Commerce and Industry, Union Budget 2017–18, Press Information Bureau, Ministry of Statistics and Programme Implementation, Press Releases, Media Reports,
- [2]. Chambers, R. (2014). Rural development: Putting the last first. Routledge.
- [3]. IFPRI, “Agriculture and Rural Development for reducing Poverty and Hunger in Asia”, [www.adb.org/prcm](http://www.adb.org/prcm)

- [4]. Cernea, M. M. (1991). Putting people first: sociological variables in rural development (No. Ed. 2). Oxford University Press for the World Bank.
- [5]. Abaab, A. et al. 2000. Agricultures Familiales et Développement Rural en Méditerranée. Editions Karthala: Paris.
- [6]. African Development Bank (AfDB) and National Institute of Statistics. 2013. Analysis of the Impact of Food Subsidies and Direct Social Transfers on the Poor and Vulnerable Population National Institute of Statistics: Tunis.
- [7]. Czech Ministry of Agriculture (1994-2004), various reports on Czech agriculture, Vuze,Prague, available in Czech only.

#### 4. Websites

- [1]. <http://indiafacts.in/india-census-2011/urban-rural-population-o-india/>
- [2]. <http://www.rural.nic.in>
- [3]. <http://www.drd.nic.in/>
- [4]. <http://www.thehindu.com/todays-paper/tp-opinion/Challenge-and-opportunity-in-agriculture/article15214553.ece>