



Impact of Agriculture Policies on Farmers and Rural Development

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The importance of agriculture in the socio-economic fabric of India can be realized from the fact that the livelihood of the majority of the country's population depends on agriculture. The agriculture sector contributes only about 18 percent of the total Gross Domestic Product (GDP), with more than 60% population dependence, resulting in low per capita income in the farm sector. Consequently, there is a large disparity between the per capita income in the farm and non-farm sectors. Therefore, it is essential to deal with those issues which impact the income levels of farmers. The income levels are determined by the overall production, supported by reasonable levels of yield and prices realized by the farmers. Several constraints such as the preponderance of small and marginal holdings accounting for about 82 percent of total holdings, imperfect market conditions and lack of backward and forward linkages affect the income levels of farmers adversely. Accordingly, an appropriate policy needs to be evolved to ensure that farming activity becomes more viable and the economic condition of farmers is improved on a sustainable basis.

The National Agriculture Policy approved by the Government of India in 2000, aimed to achieve annual growth of more than 4 percent in the agriculture sector on a sustainable basis, through the efficient use of natural resources and a combination of other measures. However, the annual growth rate achieved during the Tenth Five Year Plan (2002–03 to 2006–07) averaged around 2.3 percent. On the other hand, the non-farm sector has grown faster. Considering the high growth of GDP in the recent past, a major reorientation in 2 National Policy for Farmers 2 RECENT INITIATIVES the policy is necessary to make this growth more inclusive. In the face of rapid growth of non-farm sector, the decline in agricultural growth coupled with declining profitability in the agriculture sector is one of the major concerns.

The declining profitability is partially due to fluctuating world prices of agricultural commodities and the efforts to keep the domestic prices low to protect consumers' interest, which resulted in decline in the terms of trade for the farm sector. This, coupled with the stagnating and declining yield levels, resulted in low income for the farmers.

Another major problem confronting the rural areas in general and farm households, in particular, is the lack of employment opportunities. Efforts are needed to increase job opportunities in the farm sector through increased investment in irrigation, watershed development, wasteland development, land reclamation, etc. In addition, there has to be a greater focus on the accelerated development of the rural non-farm sector and the development of clusters around towns/market centers. A growing farm sector, better rural infrastructure and connectivity, skill development, adequate power supply, and easy

availability of credit would help in the creation of more employment opportunities in the rural non-farm sector and, in turn, enhance the income of farm households.

Recent Initiatives by Government of India

Several significant initiatives have already been taken in recent years by the government to reverse the downward trend in agricultural production and rural areas and to find sustainable solutions for strengthening the farmers' livelihood and income. Some of these important initiatives include:

- (i) Bharat Nirman
- (ii) National Rural Employment Guarantee Programme
- (iii) National Horticulture Mission
- (iv) Expansion of Institutional Credit to Farmers
- (v) Establishment of the National Bee Board
- (vi) Establishment of the National Rainfed Area Authority
- (vii) Establishment of the National Fisheries Development Board (NFDB)
- (viii) Watershed Development and Micro Irrigation Programmes
- (ix) Reforms in Agricultural Marketing and Development of Market Infrastructure
- (x) Revitalisation of Cooperative Sector
- (xi) Agri-business Development through Venture Capital Participation by the Small Farmer Agri-business Consortium
- (xii) Reform and Support for Agriculture Extension Services
- (xiii) National Rural Health Mission

Policy Goals

The major goals of the National Policy for Farmers are:

- (i) To improve economic viability of farming by substantially increasing the net income of farmers and to ensure that agricultural progress is measured by advances made in this income.
- (ii) To protect and improve land, water, bio-diversity and genetic resources essential for sustained increase in the productivity, profitability and stability of major farming systems by creating an economic stake in conservation.
- (iii) To develop support services including provision for seeds, irrigation, power, machinery and implements, fertilizers and credit at affordable prices in adequate quantity for farmers.
- (iv) To strengthen the bio-security of crops, farm animals, fish and forest trees for safeguarding the livelihood and income security of farmer families and the health and trade security of the nation.
- (v) To provide appropriate price and trade policy mechanisms to enhance farmers' income.
- (vi) To provide for suitable risk management measures for adequate and timely compensation to farmers.
- (vii) To complete the unfinished agenda in land reforms and to initiate comprehensive asset and aquarian reforms.
- (viii) To mainstream the human and gender dimension in all farm policies and programmes.
- (ix) To pay explicit attention to sustainable rural livelihoods.
- (x) To foster community-centred food, water and energy security systems in rural India and to ensure nutrition security at the level of every child, woman and man.

Direct impacts of policy on farmers and rural development

Policies directly impacting farmers and rural development can have multifaceted effects, shaping economic, social, and environmental aspects of rural areas. Here are the direct impacts of such policies:

1. Economic Impacts

- Policies providing direct subsidies, grants, or low-interest loans help farmers maintain stable incomes, invest in modern equipment, and enhance productivity. This financial stability can lead to broader economic growth in rural areas. Tax incentives for agricultural activities reduce operational costs, encourage investment in farming, and can stimulate local economies by increasing spending power.

2. Rural Infrastructure Development

- Investments in rural infrastructure, such as roads, bridges, and storage facilities, improve access to markets, reduce transportation costs, and enhance the overall efficiency of the agricultural supply chain.
- Policies promoting the development of irrigation systems and sustainable water management practices ensure reliable water supplies, improving crop yields and farming viability.

3. Environmental Sustainability

- Policies promoting soil conservation, sustainable land use, and reforestation help maintain long-term soil fertility and environmental health, ensuring the sustainability of farming operations.
- Programs supporting climate-resilient agricultural practices help farmers adapt to changing weather patterns, reducing vulnerability to climate impacts.

4. Social and Community Development

- Policies funding rural education and vocational training programs enhance the skill levels of the rural workforce, leading to better job opportunities and higher incomes.
- Investments in rural healthcare and social services improve the quality of life for rural populations, making these areas more attractive for living and working.

5. Labor and Employment

- Policies governing labour rights, wages, and working conditions ensure fair treatment of farm workers, affecting labor availability and costs for farmers.
- Regulations on migrant labour impact the agricultural workforce, particularly in regions reliant on seasonal and migrant labour for labour-intensive crops.

6. Rural Business Development

- Policies providing grants, loans, and technical assistance to rural businesses stimulate economic diversification, reduce dependency on agriculture alone, and create new job opportunities.
- Initiatives aimed at developing local and regional markets for agricultural products enhance sales opportunities and economic growth in rural areas.

7. Community Empowerment and Governance

- Establishing local councils or committees to participate in decision-making processes empowers rural communities, ensuring that policies reflect local needs and priorities.
- Encouraging community involvement in policy formulation and implementation fosters a sense of ownership and accountability, leading to more effective and sustainable development outcomes.

8. Cultural and Heritage Preservation

- Policies that support traditional farming practices and preserve rural heritage contribute to the cultural richness of rural areas and promote tourism.

Conclusion

Policies impacting farmers and rural development can lead to improved economic stability, enhanced infrastructure, technological advancements, environmental sustainability, and better social conditions. These policies, when well-designed and effectively implemented, contribute to the holistic development of rural areas, ensuring that they remain vibrant and

resilient communities. Agricultural policies play a crucial role in shaping the livelihoods of farmers and the development of rural areas. To maximize positive impacts, policies should be inclusive, sustainable, and adaptive to local contexts. Collaborative efforts between governments, farmers, and other stakeholders are essential to create an enabling environment that supports both agricultural productivity and rural development.