An Overview of Agrarian Economy in India: The Performance and Determinants

amarnath tripathi
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Introduction

- Indian Economy, low growth to high growth.
- Growth in all sectors of the economy except agriculture.
- Agriculture continues to be the dominant sector.
Progress in Agriculture

• 1% during the fifty years before Independence.
• 2.6% per annum in the Post-Independence.
• Expansion of area was the main source growth during 50s and 60s.
• After green revolution, Increase in productivity became the main source of growth.
Contd...

• Eradicating of its dependence on imported foodgrains.
• Contribution of structural changes.
Trend in Indian Agriculture

• The growth rates in output of all crops decelerated from 2.93% to 1.57%.
• The livestock declined from 2.93% to 3.25%.
• The fisheries declined from 7.48% to 3.25%.
• Forestry witnessed a sharp increase from 0.09% to 1.82%.
• Within crop sector, all crop shows declining trend.
Some Facts

• Not any separate strategy for Indian agriculture.
• We had not available necessary data to study the characteristics of Indian agriculture.
• We have come a long way from Independence and now we have long-terms data pertaining to Indian agriculture.
Aim of the Study

• Evaluates performance and progress of Indian agriculture since Independence.

• To finds out determinates of agricultural production by using production function approach.
Date Source and Methodology

- Period of study = 1950/51 – 2005/06
- National Account Statistics (Back Series & 2007)
- Decomposition Test
- Production Function Approach
Model Used

• $\ln(\text{GVAO}) = \beta_0 + \beta_1 \ln(L) + \beta_2 \ln(M) + \beta_3 \ln(K) + \varepsilon_t$

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• $\ln(\text{GVAO}) = \beta_0 + \beta_1 \ln(L) + \beta_2 \ln(M) + \beta_3 \ln(K) + \beta_4 D_t + \beta_5 [D_t \ln(L)] + \beta_6 [D_t \ln(M)] + \beta_7 [D_t \ln(K)] + \varepsilon_t$
Model has been selected on the basis of coefficient of determination, autocorrelation, and observing the best fitted regression.
Basic Findings

• There is scope to increase both net sown area and gross sown area.
• Only 39 percent of net sown area is irrigated area.
• Agricultural workforce shifted from cultivators to agricultural labours.
• The number of uneconomic holdings has an increasing trend.
Contd...

• Area under food crops shifted towards non food crops, and within food crops area under cereals has been shifting towards non cereals.
• Land significantly affected the agricultural output growth during 1950/51-1964/65 and after that land became less significant and now labour and capital are significantly affecting the agricultural output growth.
Comments/Suggestion/
Thank You