

THE ROLE OF AGRICULTURAL DIVERSIFICATION AND NON FARM AREAS TO THE ECONOMIC DEVELOPMENT OF RURAL ECONOMY IN INDIA

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ABSTRACT

Economic development of a country requires the development of rural areas so that economic sustainability could be maintained. As we know that India is predominantly rural country because its two third population or 70 % workforce is residing in rural areas. In other words we can say that rural economy constitutes 46% of national income. In spite of rising of urbanisation more than half population of India is projected to be rural by 2050. The major purpose of the present paper is to analyse the growth performance of agriculture which is considered the backbone of the Indian economy and non-farming areas that plays very important role in the economic development of rural areas. To reduce the risk from agriculture sector and to provide productive sustainability in livelihood options to rural people diversification is essential. There are two types of diversification: diversification of crop production and diversification productive activities. To identify options of sustainable livelihood in rural areas, diversification in productive activities is discussed. In non-farms areas: animal husbandry, fisheries, horticulture, cottage, and household industry etc. are included.

Keywords: Agriculture, Agricultural Diversification, Non–Farm Areas of Production.

Introduction

Agriculture plays a vital role in Indian economy. The proportion of the workforce of the country depends on agriculture to a large extent. To depend on farming only for earning their livelihood is not adequate instead the expansion of work areas is equally essential to increase the levels of income to overcome poverty and other issues. Hence it is necessary to diversify in agriculture so that profitable employment for surplus labour can be located in agriculture and other non-farming works. If we talk about why diversification is necessary, we get to know that the need of diversification is required from the fact that there is more risk in depending upon agriculture for earning livelihood. In the rural areas it has become more challenging when we talk about non-agriculture works there because most of the population in the rural areas depend on farming. Now the government of India is aware and deeply concerned about the poverty and unemployment among the people and is taking steps towards it. The government has implemented Mahatma Gandhi National Rural Employment Guarantee Scheme. The people of rural areas are also awaking and transforming into nonfarm sector to the rural income and economy. To reduce the risk from agriculture sector and to provide productive sustainable livelihood options to rural people, diversification is essential. There are two different diversification: diversification of crop production and diversification of productive activities. The diversification of crop production denotes to change in cropping pattern to shift from subsistence farming to commercial farming. While the

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diversification of production activities implies a shift from crop farming to other areas of production activities. We can adopt non-farming areas like animal husbandry, fisheries, horticulture, cottage and household industry etc. Animal husbandry is considered the most important source of income. Poultry, cattle, and goats/sheep are crucial components of livelihood in India. In Kerala, Maharashtra, Gujrat and Tamilnadu, fisheries is a major source of livelihood. The people who do fishing in India depend on inland sources and marine sources. Horticulture crops include fruits, vegetables and flowers besides several others. In rural areas cottage and household industry has been a traditional source of non-framing production activities for a long time.

Review of Literature

Majumdar (2006) 24 in his article 'Centrality of Agriculture to India's Economic Development' has analysed the broader objectives of our agricultural growth and development. He observed that in the Indian economy the importance of agriculture is more than mere crop production. Agriculture continues to hold the key to higher GDP growth, employment expansion, reduction in poverty and the equitable distribution of income. The larger than sectoral role of Indian agriculture stems from the basic fact that a large proportion of the population, some 60 percent continues to depend on agriculture for its livelihood. The focus will have to be on agriculture and allied sectors like animal husbandry, fisheries, construction, tourism, small scale industries, micro-enterprises, retail traders and so on. Agriculture is used here as an inclusive concept which would also cover development of waste lands and forests and organic farming with organic seed and compost preparation. The employment expansion in the rural sector is also a wider objective of agricultural plan.

Birthal and Joshi (2006)27 in their paper 'Diversification towards High Value Agriculture – Role of Urbanization & Infrastructure' have analysed the diversification process in Indian agriculture towards high value commodities (HVC) i.e. fruits, vegetables and livestock products. It was found that the share of HVC in cold agricultural products is high as compared to other food commodities. It has also been found that compound annual growth rate of HVCs is also higher as compared to other food commodities thus varying the increased diversification of Indian agriculture towards HVC. They also found that this diversification is being propelled by increased access to markets and the factors facilitating their transport from production sites to consumption sites. The access to markets is approximated by urbanization and road density. Also with rapid growth in income, the food basket of both rural and urban consumers is changing drastically in favour of high value food commodities. The result suggests that urbanization would remain an important driver for diversification due to increasing population.

Joshi, et al. (2007)31 in their article 'Agriculture Diversification in South Asia – Pattern, determinants & Policy Implications' have attempted to examine the extent, nature and speed of agricultural diversification in South Asia and India exclusively. They identified the determinants of agricultural diversification and assessed its implication on food security, employment and sustainable use of natural resources. They have applied the Generalized Least Square Method (GLS Method) to determine the significance of various variables which affects the diversification. It has been found in their study that agriculture sector in South Asia is gradually diversifying in favour of high value commodities, namely fruits, vegetables, livestock and fish products. In case of India, markets and roads were the key determinants for diversification. Diversification was more pronounced in rain fed areas, which were by-passed during the green revolution. The rain fed areas are becoming a hub of non-cereals due to their low water requirement and abundant labour supply. Further, the high value crops have substantial potential for generating employment opportunities.

Dutta (2012) analysed crop diversification in Hugli district, West Bengal. The analysis of this study found that the blocks having greater number of urban centers along the Hugli River (e.g., Chinsurah-Mogra, Srerampur-Uttarpara, Chanditala I and II) belongs to low level of diversification, whereas blocks like Pandua, Polba-Dadpur also have low level of diversification in comparison to rest of the blocks mainly due to rice monoculture and jute monoculture. The most feasible way of improving diversification is to reduce the sown area of rice cultivation through altering it towards other crop production. Orchard framing mainly in the urban areas may be the most valuable alternatives to enhance the diversification rate. If the diversification is appropriate then this district will be a multi-stored granary for different crops in near future.

Venkateswarlu and Prasad (2012) discussed the issues and constrains in rainfed crop production in India. There is a need to further increase food production substantially for meeting the requirements of the ever-increasing population. This will put tremendous strain on natural resources which are already under stress due to unsustainable utilization. Continuous decline in groundwater

levels, growing deficiency of major and micronutrients, declining factor productivity and looming threat of climate change are some of the issues which will have a bearing on food production in the near future. However, the large realizable yield gaps in many rainfed crops, opportunities to increase yields through rainwater harvesting and recycling, soil fertility improvement, crop diversification and effective dissemination of technologies give a hope that future requirements of food can be met, but it requires substantial resources.

According to Sankar Kumar Bhaumik (2007) analysed the growth rates of farm and non-farm employment. He found that, at the all India level, the growth rate of non-farm employment was high in the post reforms period when the growth rate of farm employment was low. Further he found both in the pre and post reforms period, most of the states that enjoyed high growth rates of nonfarm employment also suffered from low growth rates of farm employment. Consequently the rank correlation coefficient between ranks of growth rates of farm and non- farm employment turned out to be negative in both the periods. This means that the rural workers flocked in the non-farm sector for employment whenever the prospects of farm employment dwindled, in the present phase of agrarian crisis in India.

Agricultural Diversification

Diversification is an emerging challenge in the context of rural development. It has two aspects:

- Diversification of Crop Production
- Diversification of Production Activity/Employment
- **Diversification of Crop Production**

It implies production of a diverse variety of crops rather than one specialised crop. It implies a shift from single-cropping system to multi-cropping system. In India, where agriculture is still dominated by subsistence farming, diversification would mean a shift from subsistence farming to commercial farming. It would mean choice of cropping pattern in accordance with the price structure in the market. It would minimise the market risk arising due to price fluctuations. Also, it would minimise risk occurring due to failure of monsoon.

- **Diversification of Production Activity / Employment**

It implies a shift from crop farming to other areas of production activity/employment. It raises income as well as stabilises it. Finding sustainable livelihood away from crop farming becomes all the more significant in view of the fact that crop farming sector is overburdened. Following section discusses some important non-farm areas of production activity/employment for the rural population.

Non-Farm Areas of Production Activity/Employment

Non farm areas are animal husbandry, fisheries, horticulture, cottage and household industry etc. Let us study these in detail are as follows:

- **Animal Husbandry**

Animal Husbandry is the most important area of employment in India different from crop farming. It is also called livestock farming. Poultry, cattle, and goats/sheep are important components of livestock in India. Poultry accounts for 51.44 %, cattle 3.18 % and goats/sheep nearby 24 % share in total livestock in India. In most areas, livestock farming is combined with crop farming by the rural families with a view to supplementing their income. A notable features of crop livestock mix is that as we move from irrigated areas to semi-arid and arid areas, the share of livestock farming tends to increase while that of crop farming tends to decrease. Obviously because, lesser the irrigation (or more arid the area) lesser is the scope for crop farming.

It is significant to note that livestock farming in India is an important source of employment for women. Presently, animal husbandry is a source of alternative employment to nearby lakh small and marginal farmers in the countryside. Cattle farming and milk production have recorded a significant rise over time. Between 1960-2002, milk production has risen by a factor of 4. Operation flood launched in 1996 is a well known success story, known as White Revolution. By-products of livestock farming include meat, eggs, wool, and organic manure.

However, livestock sector is not free from problems. In terms of its size, our livestock population is perhaps the largest in the world. But in terms of its quality we are way behind most developed countries in the world. Low productivity owing to backward know-how and deficient veterinary care are the key areas of concern which need to be urgently addressed.

- **Fisheries**

India is the 3rd largest fish producing and 2nd largest aquaculture nation in the world after China. The Blue Revolution in India demonstrated importance of Fisheries and Aquaculture sector. The sector is considered as a sunrise sector and is poised to play a significant role in the Indian economy in near future.

Kerala, Maharashtra, Gujrat and Tamil Nadu are the principal states in India where fisheries is an important source of livelihood in the rural areas. The fishing community in India depends almost equally on inland sources and marine sources of fishing. Inland source include rivers, lakes, ponds, and streams, while marine sources include seas and oceans. Together these sources are called 'water-bodies' which are regarded as 'provider' by the fishing communities.

Owing to increasing state-focus and renewed efforts, fishing has attracted greater budgetary allocations overtime. Accordingly, production of fisheries has substantially risen. But fishing community continues to be as one of the most backward communities in the country. Their backwardness and economic vulnerability become evident in view of their compulsion to enter sea despite warning of rough weather. No wonder, quite often they end up losing their life. Their backwardness is 'more than most' in rural areas of the country. Despite a significant segment of rural population engaged in fisheries, this sector contributes merely 2 percent to GDP.

- **Horticulture**

Horticulture is another area of diversification of population activity in the rural areas. Horticultural crops include fruits, vegetables and flowers besides several others. Overtime, there has been a substantial increase in area under horticulture.

Presently, India is second largest producer of fruits and vegetables in the world. We are emerging as a leading producer of mangoes, bananas, coconuts, cashewnuts, and a variety of spices. High crop productivity led to Golden Revolution in horticultural farming, during the years 1991-2012. Doubtless, horticulture is emerging as an important means of sustainable living in the rural areas.

However, an alarming fact is that the bulk of acreage under horticulture has expanded at the cost of acreage under pulses. Causing a severe shortfall in supplies of pulses and a cut in their consumption owing to high prices. We may note that pulses are an important source of protein for the bulk of households in India relying on vegetarian diet.

Nevertheless, there has been a significant rise in income levels of the farming families engaged in horticultural production.

Shifting to horticultural farming has reduced economic vulnerability of the small and marginal farmers. This has opened up new avenues of employment for the women folk in the rural areas. Significant it is to note that nearly 20 percent of the total rural employment is generated by horticulture and related production activity.

While it is emerging to be a profitable venture, horticulture has its own share of problems. Lack of infrastructure is a serious constraint in this area of production activity. Power shortage scant storage facilities, lack of linkage between rural and urban markets, and the lack of processing units are some of the serious infrastructural constraints which are hindering the growth of horticulture as an alternative means of sustainable living in rural areas.

- **Cottage and Household Industry**

Cottage and Household industry has been a traditional source of non-farm production activity in rural areas. Traditionally, this industry has been dominated by activities like spinning, weaving, dyeing and bleaching. However with the growth of urban textile industry, these activities have received a big jolt in the rural areas. During the recent past, some new household activities have emerged as alternative sources of income generation. These are soap manufacturing, doll-making, mushroom cultivation and bee-keeping. In many rural areas, these household activities are being promoted by Farm Women's Groups, focusing on income generation through employment of women in diverse productive activities at the household level.

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