

India's Rural Sector: Trends and Issues

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Since the independence and till present, India's economy is a rural economy. It is rightly said that "rural India is the real India". Hence, rural sector or economy has to play a significant role in India's growth and development. Unfortunately, the trends are reverse of it.

Significance

Rural sector of the economy is so significant for the country that almost all the operations of the country's people bear its stamp. The most vital thing in regard to the rural sector is that it is very big in size, contents and nature, having far reaching impact, consequences and implications for the Indian Economy. Rural sector accounted for two-thirds of an India's more than 125 crore of peoples, living in 6.4 lakh villages and earn nearly 30 percent of the country's national income. It contains diversity that cuts across geographic trends to agro-economic, cultural and social existence.

It is an undisputed fact that the rural sector is comprised of many and larger variety of economic operations. First, agriculture is the largest segment of India's rural sector. Second, the major crops of rural sector are cereals, pulses, oilseeds fruits, vegetables, etc. Third, rural sector is the main supplier of major food and food products, raw materials and finished and semi-finished goods. Fourth, India's rural sector also includes nature based operations, which broadly consist of a separate sector and is also allied to agriculture, is forests. The main off-shoots are industrial wood and fuel wood of various types used for different purposes and in many ways. The other minor goods of forest are bamboos and canes, bidis leaves, lac, etc. Today another segment of rural economy comprises of fishing, covering both inland fish and marine fish. The rural sector further depends upon village or rural industries. This component mostly covered traditional industries and is artisan. The products are quite many and include, khadi, leather, etc. If India is to become a developed country then added emphasis has to be given to the rural sector, and villages have to be transformed into developed villages.

Salient Features

The salient features of India's rural sector are as under:

- Increasing commercialization of agriculture.
- Rural sector under the impact of urbanism.
- Increasing institutional participation.

Rural Wages

Rural wages are one of the significant issues of rural sector of India. India's Labour Bureau has recently released data relating to Wage Rate in Rural India (WRRRI) in November 2013 in respect of 12 agricultural operations and 13 non-agricultural activities. The story of rural wages is clearly one of declining agricultural wages and a marginal recovery in agricultural wages after 2016 [1]. The is most pertinent thing to be mentioned here that growth in wage rate has been the lowest during the last one and half decades. There is also a conformity that since 2014 rural demand collapsed.

According to the available statistics, since July 2016, real wages in the rural sector of India has gone down in all categories of rural operations with an exception of plantation when we compare these with the data of May 2014. The trend in wage rising is happening due to the revival of rural demand because of good monsoon. This trend continued till January 2017. As against January 2017, real wages for all operations in the rural areas have gone down except harvesting in July 2017. These trends show that that India's rural sector is facing a decline in rural demand and has added a fall in agricultural prices of goods.

Take other side of the coin, i.e., nominal wages which are more under stress. The nominal wages had declined more sharply and by a wider margin after 2014. During 2008 and 2013 the nominal wage was at 15 per cent. The decline is large as 10 percent, i.e., from 15 percent to 5 percent per annum. The demonetization on 8th November 2016 has halted the recovery of rural demand in India's rural sector.

Demonetisation

This is most controversial and most burning issue in the context of rural sector/economy in particular and Indian economy in general. Since 8th November 2016, the economist in particular and other analysts in general are showing a mix reaction. Some are defending the demonetisation and others are treating it as economic disaster. One of the leading columnists Bhalla [2] is of the opinion that at the time of demonetization the real wages were rising at 2 percent per annum. Post demonetization, in July 2017, the rate of growth has more than double to near 5 percent. On the other hand, Himanshu [1] has opined that the argument in favour of

demonetization brought improvement in rural wages on the basis of rise in come of some workers in the rural sector is misleading. According to him, the real wages halted the recovery of rural sector, which had begun after the 2016 monsoon. Added to this, demonetization only acted as a disruptor for the revival of the rural demand.

Agenda for Agriculture Sector

The agricultural operations are the biggest segment of India's rural sector. Recently, NITI Aayog (Former Planning Commission) has released the "Three Year Action Agenda" (TYAA) for country's backbone, i.e., agricultural sector. It is worthy to point out here that during the last three years of NDA Government India's agricultural sector recorded just 1.8 percent growth rate having far reaching implications and impact on over performance of Indian economy. During the last three years, the NDA Government has formed many committees for the revival of country's agriculture and food sectors.

The recent TYAA has outlines four pillars for bringing desired level of revivalism in agri-food sectors. First, to enhance yield of the land and water per hectare; Second, to bring reforms in the existing agri-markets on the given pattern of e-NAM; Third, carry out the needed reforms in tenancy laws which is the biggest problem in rural areas; and fourth; how to extend relief at the time of natural or manmade disaster?

Agricultural experts [3] has rightly observed that the recently announced TYAA does not give any policy preference for agri-food sectors nor does it provide any action plan about the role of trade policy as well as the required reforms in the existing food system and fertilizer subsidies which is the need of the hour.

Prof. Gulati and Hussain [3] have rightly given an action plan based upon five basic issues.

- The Government needs to bring improvement in regard to profitability of cultivation, through bring markets on the desired track;
- The Government requires to make needed investment in water/irrigation which is the sin-quo-non-for agricultural operations, keeping mind the per cent of micro-irrigation in total irrigated area in the selected countries of the world (Table 1).
- The newly created scheme of ND Government Namely-Direct Benefit Transfer (DBT) of food and fertilizer subsidies to the targeted beneficiaries' which could play catalytic role and contribution in releasing resources for investment in land and water;
- The Government must ensure at all cost that the Pradhan Mantri Fasal Bima Yojana (PMFBY) the compensation must go to the beneficiary in time or on time; and
- The Government must come forward for 'free up land lease market'.

Gujarat Model

In a recent article [4], has advocated Gujarat Model of agricultural to implement in the entire country. The Gujarat Model basically depended upon the provision of best technologies to the farmers and thereafter gives them much needed access to markets to ensure better prices for their crops.

According to agricultural economists, India needs at least 4 percent of growth rate in agricultural sector to sustain the rural sector in particular and Indian economy in general, which Indian economy attained during 2013-2014 when the UPA Government was in power. During the three years of NDA Government, growth rate in country's agricultural sector has declined considerably at 1.8 percent which is a matter of concern for all.

Under the Gujarat Model, the Gujarat had recorded an all-time high figure of 8 percent per annum from 2002-2003 to 2013-2014 which was much more than all India growth rate in agriculture at 3.3 percent. It was expected that Gujarat Model will extended to other state of the country. But unfortunately, it did not happen because of one reason of the other. The marginal growth of just 1.8 percent during the last three years was attributed to deficient rain in major producing states of the country in the year 2014-2015 and 2015-2016. Although during 2016-2017, country witnessed bumper harvest; yet country's farmers suffered a lot due to crush in agri-prices.

Indian rural sector including agriculture is in doldrums and required immediate action plan for boosting the agricultural food. For this, the Government must make considerable investment in irrigation (Table 1); power and rural roads.

Table 1 % of micro-irrigation in total irrigated area in selected countries.

Country	% of the Total Irrigated Area
Israel (2004)	99.1
Brazil (203)	77.6
South Africa (2012)	76.9
Spain (2015)	70.5
Russia (2012)	60.7
USA (2010)	58
France (2011)	52.9
Italy (2013)	34.5
World	100
Iran (2015)	16.4
China (2015)	13.7
India (2017)	13.1

It must be kept in mind the country's economy will not reap the fruits of growth and development without ensuring higher growth rates in agriculture and allied sectors of the economy especially in rural sector.

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