

Formers Perspective of Agricultural Economics in Tamilnadu

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Abstract

Agricultural sector is the primary sector whose growth will act as a catalyst to the growth of other sectors. Theorists have propounded the growth stages in that an economy's growth is transited from agriculture through industry to the service sector. So far as the state economy is concerned there is virtually no growth in the agricultural sector and in the manufacturing sector. The growth of the economy is mostly contributed by the service sector. However, one cannot neglect the primary sector if one seeks long run sustainable growth of the economy. The performance of the agricultural sector, especially in developing countries often depends on environments outside the reach of policy-makers. The weather, world prices (depending on how much the world demands of agricultural products and how much the rest of the world delivers), external trade barriers, terms of trade and global market access all play pivotal role in influencing agricultural outcomes. The present study is descriptive by nature. The sample was selected based on the convenience sampling or purposive sampling. The sample size is confined as 100 farmers who are having account in the co-operative banks. These farmers are selected from all in the Tanjavore district. Farmers must shift their cultivation pattern from traditional crop to commercial crop, so that they can earn more income from their cultivation. And also use natural seeds and fertilizers for their cultivation.

Keywords: *Agricultural finance, changes in technology, agricultural productivity*

I. INTRODUCTION

Agriculture is the back-bone of Indian economy, it offers direct employment to 2/3rd of our population and it is a provider of food, clothing, fodder and other basic necessities of life for the entire population. The role of agricultural finance in the agricultural development of a country cannot be overemphasized. One of the reasons for the decline in the contributions of agriculture to the economy is lack of a formal National Credit Policy and paucity of credit institutions, which can assist farmers.

The development dynamics of the regional economy of Tamilnadu are formulated by the interaction of a variety of unique historical, geographical, cultural and economic environment. The importance of agriculture in the economic development of a country is undebatable. Agriculture is the oldest industry in the World and the largest even today. The major part of the population of the World is dependent upon it for a living. And its contribution to economic development of a country is significant.

Economic development may be defined as transformation of an economy which is predominantly agricultural and traditional; into one of largely industrial and modern. In the former, agricultural and non-agricultural sectors remain separate presenting economic dualism, while in the latter they get integrated.

Agricultural sector is the primary sector whose growth will act as a catalyst to the growth of other sectors. Theorists have propounded the growth stages in that an economy's growth is transited from agriculture through industry to the service sector. So far as the state economy is concerned there is virtually no growth in the agricultural sector and in the manufacturing sector. The growth of the economy is mostly contributed by the service sector. However, one cannot neglect the primary sector if one seeks long run sustainable growth of the economy. The performance of the agricultural sector, especially in developing countries often depends on environments outside the reach of policy-makers. The weather, world prices (depending on how much the world demands of agricultural products and how much the rest of the world delivers), external trade barriers, terms of trade and global market access all play pivotal role in influencing agricultural outcomes.

Technological change in agriculture is reflected directly on the productivity of crops. It enhances the productivity of land and improves the capability of agricultural labour. Technical change in agriculture ranges from the use of high yielding varieties of seeds, irrigation, fertiliser and machines such as pump sets, mechanical devises for tilling the soil, sowing and harvesting for raising per hectare

output. Therefore, the study of productivity, both partial and total productivity of crops is also a study of the technological change in the crop sector.

II. IMPORTANCE OF THE STUDY

India is basically a rural economy and rural India virtually includes the cultivators, the village craftsmen and agricultural laborers. One of the serious and unrelenting problems faced by the Indian farmers' households has been the indebtedness. Despite substantial improvement in agricultural output and distribution of credit, still a majority of the farmers are suffering from this major economic malaise called indebtedness along with lack of timely and adequate farm credit. It is a symptom of a deep rooted malady arising from inadequate public investment and insufficient public action in recent years. It is essential that a sound system of credit should be built up so as to fulfill the credit needs of the farmers and to ensure that agricultural credit serves the national economy in a dynamic way. Various criteria for a good credit system have been laid down by various experts and institutions.

Financing for agriculture has been a gigantic task for banks in India. Ensuring timeliness and adequacy of credit to farmers have posed the most serious challenge for banks while financing the agricultural sector. The success of agriculture in our country depends not only on the use of new technology in the shape of application of high yielding varieties to more and more areas, use of better seeds, fertilizers and plant protection methods, development of water resources and improvement in the soil conservation practices, but also in the provision of adequate credit at the right time.

III. REVIEW OF LITERATURE

According to Bhalla, of the three sectors of economy in India, the tertiary sector has diversified the fastest, the secondary sector the second fastest, while the primary sector, taken as whole, has scarcely diversified at all. Since agriculture continues to be a tradable sector, this economic liberalization and reform policy has far reaching effects on (I) agricultural exports and imports, (ii) investment in new technologies and on rural infrastructure (iii) patterns of agricultural growth, (iv) agriculture income and employment, (v) agricultural prices and (vi) food security.

Lena Roussenova and Dimiter Nenkov (2007) in their study on "Agricultural Finance and Institutional Reforms in Bulgaria" revealed that agriculture has traditionally played a significant role in the Bulgarian economy. Since 1997, the government has made rapid progress in implementing a wide-ranging reform

program in agriculture, the financial sector and in the economy in general. Most of these programs are continuously undergoing changes, consistent with the developments in the agricultural and banking sectors. With continuing recovery of public trust in banks, and with more than 70 per cent of banks' assets owned or controlled by foreign private banks, the sector is expected to overcome conservative lending.

Dr. Jason L. Johnson (2009) in his study "The Financial Condition and Sources of Financial Risk for Agriculture in 2009" divulged that agricultural stakeholders throughout the U.S. and within Texas indicated a high probability that the volatility of input prices, commodity prices, and profit margins in agriculture will likely to lead increased levels of financial stress in the coming years. The resulting business climate will place even more emphasis on superior financial management skills and documentation to secure external funding for operations. All agricultural producers should begin (or continue) their process of examining the many risk factors that threaten their future profitability and survival. If necessary, new or expanded risk management skills and strategies should be developed by farm and ranch managers to ensure that they are able to remain viable through this period.

C. Mahadeva Murthy B. H. Suresh and K. P. Veena (2009) in their article "Dimensions of Institutional Finance for Agricultural Activities: An Analysis" pointed out that agriculture is a way of life, a tradition, which for centuries has shaped the thought, the outlook, the culture and the economic life of the people of India. Nearly 61 per cent of the workforce depends upon agriculture for livelihood. Credit is a vital factor of the production function, more so in Indian agriculture. The paper concludes that institutional credit has played a vital role in supporting cultural production in India and the amount of institutional credit for agriculture and allied activities has increased over the years.

S. Gandhimathi and S. Vanitha (2010) in their study "Determinants of Borrowing Behaviour of Farmers – A Comparative Study of Commercial and Cooperative Banks", analyzed that the preference of farmers between commercial and cooperative banks for borrowing has been studied with the objectives of finding distribution of institutional credit across various categories of farmers and to assess the coverage and quantum of credit and socio-economic factors which tell on the borrowing behavior of farmers towards commercial and cooperative banks. In the study, based on 100 farmer borrowers, the discriminant analysis has been carried out. The study has offered some

suggestions also for a better access of farmers to institutional credit.

IV. STATEMENT OF THE PROBLEM

The signs of continuous sluggishness have been reflecting upon the performance of agricultural sector, particularly crops sector of Tamilnadu. Several factors have been identified as agents for improving agricultural production. Both institutional and technological factors work behind a thriving agricultural sector. Land reform measures are one of the important institutional changes that invigorate agricultural development. Tamilnadu is one of the regions where state directly intervened in the redistribution of land by legislative measures and made land available to the ‘tillers’ of the soil. The other institutional mechanism is related to the provision of credit. Tamilnadu is considered to be one of the best in regard to provision of credit in the country. Thus land reform measures and institutional credit system may be reckoned as favorable factors for the growth of Tamilnadu’s agriculture. Other crucial factors that govern the growth of agricultural sector are a vibrant market for agricultural labour and the technological change. Tamilnadu has well-organized and spirited agricultural labour market that is controlled by labour unions that were able to raise agricultural wages. Many research studies in the remote and recent past on the crops sector as a whole and on specific crops in particular concluded that the prime factor behind the diffidence of agricultural sector was the absence of productivity growth and stagnant technology in the sector. Now it is a known and established empirical fact that agriculture in the state has been sinking. And almost all studies in the Tamilnadu context have recorded that the productivity of agriculture in the state has been falling. There are some relevant questions that arise in this context. What were the dynamic factors that historically contributed to low productivity,

particularly land productivity? Is low productivity common to all crops or limited only to certain crops? What has been the contribution of productivity growth to total output growth of the agriculture? What have been the sources of total factor productivity growth in the crop sector of the state? The present study focuses on these questions.

A. Objectives of the study

The following objectives were framed for the present study

To know the factors influencing agricultural productivity fallen in the Tamilnadu

To study perception of farmers about reduction agricultural production

To give suitable suggestion to improve agricultural productivity in Tamilnadu

V. METHODOLOGY

A. Sources of the study

The data required for the study have been collected from both the primary and secondary sources. The primary data have been collected directly from Farmers by using Interview schedule. The secondary data have been collected from the published journal, books, magazines and websites.

B. Sampling

The present study is descriptive by nature. The sample was selected based on the convenience sampling or purposive sampling. The sample size is confined as 100 farmers who are having account in the co-operative banks. These farmers are selected from all in the Tanjavore district. Because Tamilnadu major agricultural cultivation from Tanjavore. So that researcher is selected respondents from Tanjavore district.

Table1. Analysis and interpretation

S. No	Educational qualification	No. of Respondents	Percentage
1.	Illiterate	06	6%
2.	Primary school	21	21%
3.	Higher secondary school	28	28%
4.	UG	32	32%
5.	others	13	13%
	Total	100	100%

The above table shows that maximum of 32% of the respondents are having UG level educational qualification. 28% of the respondents are having higher secondary school level educational qualification. 21% of the respondents are having primary school level educational qualification.

Table2. Number of years in Agricultural work

S. No	Number of years	No. of Respondents	Percentage
1.	Up to 5 years	29	29%
2.	6-10 years	24	24%
3.	11- 15 years	30	30%
4.	Above 15 years	17	17%
	Total	100	100%

The above table shows that maximum of 30% of the respondents are doing agricultural work in 11-15 years. 29% of the respondents are doing agricultural work in up to 5 years. 24% of the respondents are doing agricultural work in 6-10 years.

C. Suggestions

The agricultural finance should be provided for fairly long period and it should be commensurate with the operations for which it is designed to facilitate and it should be provided at lower rate of interest.

Crop loan should be given under the bank's lending programme and almost all needy farmers especially small and marginal farmers should be given crop finance for raising crops with recommended package of practices for higher returns. Farmers should be provided guidance for improved farming techniques, balanced fertilization, use of water saving devices and proper plant protection measures.

Farmers must motivate the women family members to take up in agriculture cultivation in this area, also encourage the youngsters to participate in agriculture activities for enhancing the production.

Farmers must shift their cultivation pattern from traditional crop to commercial crop, so that they can earn more income from their cultivation. And also use natural seeds and fertilizers for their cultivation.

Government must motivate the farmers to cultivate the flower and vegetables plants which give more income throughout the year. Cultivation of medicinal plants should be encouraged in dry farming areas.

VI. CONCLUSION

Agriculture plays an important role in the economic development of India. Agriculture is the source of livelihood of more than 65 per cent of the population in India and contributes less than 20 per cent to GDP, with a sizable share of exports. To meet the requirement of the growing population and rapid developing economy, agriculture has to grow fast and get modernized. This requires the use of high pay off inputs, adoption of high yielding varieties, fertilizers, plant protection chemicals, modernized equipments and machineries which need huge investment. The agricultural sector of the Indian economy is labour intensive, land poor and capital scarce. So it would be very difficult to get the benefits of modernization of agriculture without adequate finance to the farmers at

reasonable interest. The farmers are the most hapless victims of the private money lenders who are free to recover their loans by high handedness and attachment of the crop of the poor farmers as well as their personal belongings, land and living quarters.

Available resource base and the capacity to generate sufficient levels of financial resource within the rural sector particularly in agricultural sector are, however limited at present. Institutional financing is viewed from this angle as a principal resource of external finance to support in a planned manner. Institutional finance enables the farmer to procure the necessary wherewithal of production and creates conducive climate for enhanced output. Since institutional finance exerts a "push effect and has a catalytic role in development process, provision of adequate, timely and liberal finance to the farmer becoming an integral part of the agricultural development policy in India. As a result, agricultural finance in the country is provided through three main channels, viz., commercial banks including private sector banks in the recent years, regional rural banks and cooperatives.

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