

The contemporary utility of Agricultural Policy of Pandit Jawaharlal Nehru.

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Abstract:

This paper tries to analyze Nehruvian agricultural policy in areas such as irrigation, agricultural finance, Land reforms, and agricultural productivity. It establishes the utility of Nehruvian agricultural policy while highlighting its limitations due to changing times and policy implications after economic liberalization in 1991. It observes that objectives of the policy after independence are broadly relevant however policy instruments to achieve them have changed with times.

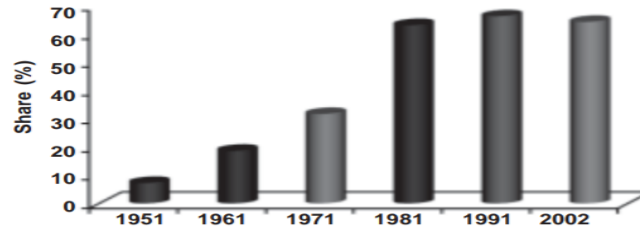
At the time of Independence India was carrying the economic burden of colonial policies which drained wealth from India for Britain. Indian National Movement prepared a vision of the future Indian Economy through various plans such as the Bombay Plan. Jawaharlal Nehru was one of the earliest members of Bhartiya Kisan Sabha which tried to formulate a strategy to improve the plight of Indian agriculture. At the time the Independence Committee on Agriculture was formed by Indian National Congress. The Constitution of India kept agriculture as a State Subject. Nehruvian Economic policy can be best understood through five-year plans. India allocated the highest chunk of funds to Agriculture in the first five-year plan. Irrigation was given special focus as big dams were called Temples of modern India by Jawaharlal Nehru. India unlike China accepted Industry as the Prime Moving Sector instead of Agricultural keeping in line with the major development consensus model of the time. India officially released a policy titled agriculture policy only in 2000. However, we can discern Nehruvian Agriculture policy through the use of policy resolutions, laws, constitution, and five-year plans.

We can group Nehru's agriculture policy into Investment in agriculture, land reforms, irrigation, and agriculture productivity. Nehru, as indeed all planners, attached prime importance to agriculture. Nearly a fifth of the public sector Plan outlay has been consistently allocated to agricultural development. Besides, heavy investments were made in industries producing agricultural inputs and processing agricultural outputs. There was a massive increase in the flow of credit to the agricultural sector from Rs.70 crores in 1950-51 to Rs. 2, 000 crores in 1975-6. Almost all agricultural inputs are subsidized; agricultural income is lightly taxed, remuneration ensured so it covers the full cost of production for all major crops. This set of policies can hardly be described as embodying the neglect of agriculture. But the fact remained that the allocations for agriculture (particularly irrigation, extension and fertilizer production) and rural infrastructure and social services could and should have been higher. (Rao 1971) All these four areas are equally important to today's Indian agriculture as India has made strides in terms of production fundamental problems such as surplus labor, low productivity, lack of irrigation, lack of scale, and technology which persisted at times of Independence persist in many regions.

Let's take one pillar at a time to assess the utility of Pandit Nehru's agriculture policy at today's time. **Institutional credit** is important for the growth of the sector which is consistently increasing since independence. This helps in the empowerment of the tiller by taking him out of the influence of money lenders and to generate sustainable livelihoods. For this purpose large number of formal institutional agencies like Co-operatives, Regional Rural Banks (RRBs), Scheduled Commercial Banks (SCBs), Non-Banking Financial Institutions (NBFIs), and Self-help Groups (SHGs), etc. are involved in meeting the short- and long-term needs of the farmers. Several initiatives have been taken to strengthen the institutional mechanism of the rural credit system. The main

objective of these initiatives was to improve farmers' access to institutional credit. The major milestone in improving rural credit at Nehruvian time is the acceptance of the Rural Credit Survey Committee Report (1954).

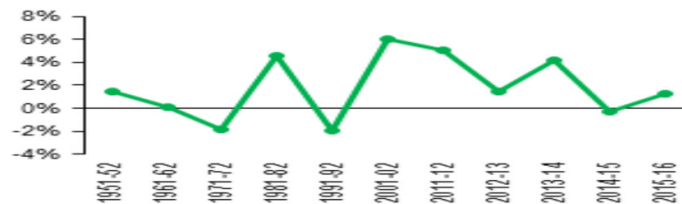
Figure 1: Share of Institutional Credit in total farm borrowing in India.



Source: Mohan 2004;NSSO 59th round (2003)

Productivity is another important aspect as it suffered consistently due to oppressive, non-supportive policies in colonial times. An increase in net availability of foodgrains shows productivity has increased consistently due to the increased quality of agriculture inputs such as high-yielding varieties of seeds, fertilizers utilization, and irrigation. There was a decline in per capita agricultural production which fell by 14 percent between 1901 and 1941. The fall in per capita foodgrains was even greater, being over 24 percent. During the first three plans (leaving 1965-66) Indian agriculture grew at an annual rate of 3 percent which was impressive as 7.5 percent higher than the previous half-century. However long term growth rate of Indian agriculture is been unsatisfactory, it went negative several times and needs to be around

Figure 2: Agricultural growth (in %)



Source: Agricultural Statistics at Glance, 2015; PRS

Table 1: Net availability, procurement of Public Distribution of Foodgrains.

Year	Net production of foodgrains	Net imports	Net availability of foodgrains*	Procurement	Public distribution ^b	Col. 3 as per cent of Col. 4	Col. 5 as per cent of Col. 2	Col. 6 as per cent of Col. 4
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1951	48.1	4.8	52.4	3.8	8.0	9.2	7.9	15.3
1961	72.0	3.5	75.7	0.5	4.0	4.6	0.7	5.3
1971	94.9	2.0	94.3	8.9	7.8	2.1	9.3	8.3
1981	113.4	0.7	114.3	13.0	13.0	0.6	11.4	11.4
1991	154.3	(-0.1)	158.6	19.6	20.8	...	12.7	13.1
2001	172.2	(-2.9)	156.9	42.6	13.2	(-1.8)	24.7	8.4
2002	186.2	(-6.7)	189.5	40.3	18.2	(-3.5)	21.7	9.6
2003	152.9	(-5.5)	170.6	34.5	23.2	(-2.8)	22.6	13.2
2004	186.5	(-6.5)	183.3	41.1	28.3	(-3.5)	22.0	15.5
2005	173.6	(-6.0)	170.0	41.5	31.0	(-3.5)	23.9	18.2
2006	182.5	(-2.3)	181.9	37.0	31.8	(-)	20.3	17.5
2007	190.1	(-4.7)	183.7	35.8	32.8	(-2.6)	18.8	17.8
2008	210.2	(-9.7)	183.5	54.2	34.7	(-5.3)	25.8	18.9
2009	205.2	(-4.1)	189.5	60.5	41.3	(-2.2)	29.5	21.8
2010	190.8	(-2.2)	189.2	56.1	43.7	(-1.2)	29.4	23.1
2011	213.9	(-2.9)	203.1	64.5	47.9	(-1.4)	30.1	23.6
2012	232.9	(-16.3)	205.4	73.4	44.9	(-7.9)	31.5	21.9
2013	231.9	(-19.2)	220.6	58.9	44.5	(-8.7)	25.4	20.2
2014	231.9	(-15.8)	222.2	59.8	43.5	(-7.1)	25.8	19.6
2015	220.5	(-0.3)	213.8	65.0	53.7*	(-0.1)	29.5	25.1*
2016	220.1	(-2.7)	226.3	60.8	56.6*	(-1.2)	27.6	25.0*
2017	241.7	(-1.1)	229.8	71.4	57.8*	0.8	29.6	25.1*
2018	255.3	(-11.2)	234.6	74.8	56.4*	(-4.8)	29.3	24.1*
2019	255.7	(-7.1)	237.8	78.6	56.6*	(-3.0)	30.7	23.8*
2020	264.9	(-5.9)	248.9	91.42	40.5*#	(-2.4)	34.5	9.1*

Source: Volume 2, Economic Survey of India, 2020-2021

4 percent to improve the quality of life and income of people working in the agriculture sector.

Irrigation facilities were given special importance through five-year plans. Nehru called dams like Hirakud, Bhakra Nangal, Damodar valley as temples of modern India. Still, Indian agriculture is vulnerable due to dependency on the monsoon. Net irrigated area (%) of India has increased

from nearly 18 to 48% in recent times due to government interventions at various levels. Although the government has given much emphasis on improving canal systems in various five-year plans but it has declined over years. People have identified groundwater irrigation as much reliable and independent source of irrigation. Groundwater irrigation has taken a quantum jump since 1965. However rapid groundwater depletion and pollution, uneven rainfall throughout the country, poor irrigation efficiency, frequent droughts, and unutilized irrigation potential are major challenges.

India carried out **land reforms** by giving ownership of land to the tiller, by redistribution of land under land ceiling acts, and through voluntary Bhoodan movement under Vinoba Bhave. However, reforms were not substantial due to legal loopholes in the case of land ceiling and implementation understates. Indian agricultural holdings have been continually reduced its size and the percentage of small and marginal farmers is increasing due to the division of hereditary land in the next generation. Landholdings have become unremunerative as they can't reap the benefits of the scale. Land ownership is considered a privilege in India and prices have skyrocketed unfairly in comparison with productive asset valuation. Small and marginal farmers with less than two hectares of land account for 86.2% of all farmers in India, but own just 47.3% of the crop area, according to provisional numbers from the 10th agriculture census 2015-16. During this period the proportion of small and marginal farmers grew from 84.9% to 86.2%, while the total number of operational holdings grew from 138 million to 146 million.

Table 2 Agricultural holdings (millions)

Holding	1970	1980	1990	2000	2010
Marginal	-71	-81	-91	-01	-11
Small	36	50	63	75	93
Medium	13	16	20	23	25
Large	19	21	22	21	20
All sizes	3	2	2	1	1
	71	89	107	120	138

Source: Agricultural census 2011.

Let's see Nehruvian policy's **utility** in today's world through **analysis of policies in light of contemporary challenges**. Through five-year plans, India increased investment in agriculture, and state support needs to continue. The agriculture sector still needs massive investment by the public sector. To feed the continuously increasing billion-plus population productivity of agriculture needs to be improved through the application of technology in inputs such as seeds and fertilizers while improving farming techniques. More than fifty percent of Indian agriculture is yet rainfed, it needs to be provided sustainable solutions in light of global warming which has increased the vagaries of monsoon. Lastly, land reforms of the Nehruvian times were an important step but not substantial. India has continued giving land rights to people through local self-governing institutions and statutory instruments such as PESA. Further land reforms are needed to ameliorate a fragile agriculture ecosystem that lacks capital.

Although Nehruvian policies are yet relevant they are obsolete on some fronts in the long term due to changed context and time. The land is limited and getting fragmented. Experiments of cooperative agriculture have failed in India and in China and Russia too. India has accepted the LPG policy in 1991 but it is yet to carry substantial

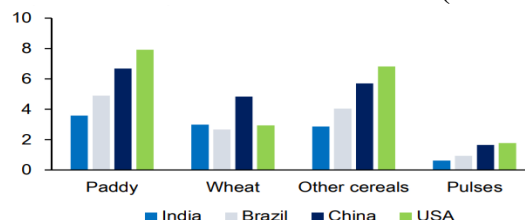
agricultural reforms on that line. Government support in terms of budgetary allocation is not sufficient to solve agricultural problems and private capital is needed to create supply chain systems such as cold storage, improving the value of agricultural produce through agro-processing, for export-oriented expertise and to increase farm incomes through contract farming and land leasing.

The agriculture sector contributed close to a third of India's GDP which fell sharply to 17% by 2019-20; however, the share of the workforce dependent on agriculture hovered at around 55% during this period— leading to lower incomes from farming compared to other sectors. Official data from 2012-13 showed that an average farm household earned a paltry ₹ 6,500 per month, barely enough to stay afloat. A September 2020 working paper authored by Sachin Kumar Sharma from the Centre for WTO Studies, Indian Institute of Foreign Trade, Delhi, shows the extent to which developed nations support agriculture and do not leave them to the mercy of markets. Total domestic support (including price, income, and input subsidies), as a share of the value of production, varied between 38% in the US and 20% in the EU to 15% in China— compared to 12.5% in India, data from the paper showed. India is trying to adhere to WTO requirements by capping agricultural support to its farmers. This data of support to agriculture by developing countries shows that the government needs to continue supporting agriculture as it is not remunerative in developed countries while trying to make it more productive through bringing in private sector expertise as the government itself alone is short of funds. India bought The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020, The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020, and The Essential Commodities (Amendment) Bill, 2020 as part of further reforms. Agitation by farmers against these laws started due to concerns over Minimum Support Price (MSP), Future of Mandi Infrastructure for government procurement via a vis private procurement, Agricultural produce pricing. India needs to move forward with reforms while addressing concerns of agitating farmers and have to ensure fairness in agreement terms negotiation and agreement execution as farmers don't have the expertise, experience, and power to negotiate and force corporate entities to the terms of the agreement/contract. Farmers Producer Organisations (FPO) have been envisaged pivotal to these agri reforms, the government needs to play a key role for their formation and sustainable working.

Conclusion

Most of the Nehruvian agriculture policy is useful and relevant but not adequate as the focus area has shifted from food grain sufficiency to farm income growth, state support system in terms of input is being favored in terms of insurance and direct benefit transfer, new challenge such as global warming and adaptation and mitigation of global warming and shift of Indian economic policy towards Liberalisation, privatization, and globalization which affects agriculture too. India can learn from the past for a better future for agriculture. We have to learn from the past success of the green revolution which needs other areas of the country especially eastern parts of UP, Bihar, and Orissa to improve the productivity of paddy as we lag in productivity compared to international peers. It has numerous challenges to confront such as the need to

Figure 3: Yield in different countries in 2014-15 (in tonne/ha).



Source: Food and Agriculture Organization, United Nations.

diversify crop pattern in Green revolution areas such as Punjab Haryana and eastern Uttar Pradesh to improve soil quality and avoid deforestation, implementation of E- NAM for implementation of integrated national markets and better price discovery throughout the country, increasing crop insurance coverage to support farmers against vagaries of climate, increasing entrepreneurship through agro-business to increase the value of farm produce and increase the income of the farmers

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