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## **Inclusive agricultural investment for revival of agricultural growth in Orissa: A theoretical analysis**

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### **Abstract**

Small farmers constitutes more than 80 percent of farming community in Orissa with a land holding size of less than 1.5 hectares. So, any investment in agriculture to improve its performance requires proper policy attention towards this farming class. An inclusive agricultural investment strategy with effective implementation approach has been outlined in this analysis. So, far investment made by State government in various agricultural infrastructure has not produced result as expected because lack of inclusiveness in its coverage, unplanned implementation and poor participation of farming community. Comparative advantage of different agricultural regions of the state has not taken into consideration in matching with farmers knowledge level while making investment in agriculture.

**Keywords:** Inclusive agricultural investment, Agricultural infrastructure, Small and Marginal Farmers.

### **Introduction**

Agriculture sector in Orissa upholds manifold of opportunities for the State. But shrinking share of this sector in State net domestic product is a cause of concern, as acceleration of growth in terms of capital formation, generation of employment opportunities and improvement of economic condition of the masses largely depends on the performance of this sector. A prosper and vibrant Orissa cannot be imagined without increase in share of agriculture sector in state domestic product. This sector on which rural population of the state depends upon, have maximum impact on their economic conditions. As a state, Orissa is bestowed with climatic condition, very suitable for rice cultivation and many other crops and vegetables but due to poor irrigation facilities, lack of formal credit access and infrastructural constraints has made higher agricultural growth to achieve a distant reality.

An inclusive agricultural investment strategy to promote other forms of agricultural activities like animal husbandry, poultry, fish farming, floriculture, horticulture and organic farming will improve and increase the agricultural productivity to address the issue of backwardness of State agriculture. Investment in agricultural research and development to innovate the technology applicable to small size of land holdings with small farmers will be more productive.

### **Objectives**

Agriculture is prime mover of growth in Orissa, as this sector supports nearly 65 percentage of population to sustain their livelihood, so revival of growth of this sector through inclusive agricultural investment needs urgent attention of State government and policy makers. Investment in agriculture has to be increased to cater the specific requirement from small and marginal farmer's point of view as they constitute 83 percentage of farming community in the State. Agriculture continues to be characterized by low productivity, inadequate investment, poor irrigation facilities, uneconomic size of holding and many other problems also. Agricultural development in the State, needs injecting confidence among small and marginal farmers through inclusive agricultural investment strategy. Any agricultural development plan in today's context has to be holistic, far-reaching, well defined and focused towards overall well-being of the farming community. With this backdrop, the theoretical analysis has been developed to address the emerging challenges, identify potential areas for development and chalk out inclusive strategy for agricultural development in the State.

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The main objectives of this strategy are as follows:

1. To promote sustainable agricultural development;
2. To focus on poultry, dairy and fisheries to augment the income of the farmers;
3. To encourage modern farming system approach;
4. To facilitate increased long term investment in agricultural sectors (on farm as well as off farm) both by private sector, public sector and private & public partnership (PPP), particularly for post-harvest management, marketing, agro processing and value addition, etc.
5. To increase access to credit for small and marginal farmers;
6. To facilitate appropriate market linkages for agricultural produce with respect to which the State has competitive advantages;
7. To improve the marketing facilities and access to market information;
8. To create appropriate institutions / facilities to undertake regulatory, enforcement and quality assurance activities matching to the urgent needs.

### **Research methodology**

For fulfilling the objectives of the study, the secondary information from various report has been used on these aspects

Potential areas of intervention in agriculture to address the challenges in irrigation, credit, marketing and infrastructure. A theoretical analysis has been outlined to develop this paper.

### **Review of literature**

Orissa is an agrarian State. But agriculture in Orissa is characterized by low productivity on account of various factors, which includes problematic soil (acidic, saline & waterlogged), lack of assured irrigation, low seed replacement rate, low level of fertilizer consumption (63 kg/ha. against national average of 140 kg/ha.), low level of mechanization etc. As a result this sector contributes only about 16 per cent of the Gross State Domestic Product (GSDP), consequently, there is a large disparity between the per capita income in the farm sector and the non-farm sector. Therefore, it is essential to deal with those issues which impact the income level of farmers.

State Agriculture Policy 2013 highlights the emergent areas in agriculture where urgent and timely intervention is required to boost the performance of the sector to increase its share in State domestic product. (State Agriculture Policy 2013, Agriculture Department, Orissa)

Considering the high growth of GDP in the recent past, a major reorientation in the policy is necessary to make this growth more inclusive. The decline in agriculture growth coupled with declining profitability in the agriculture sector, in the face of rapid growth of non-farm sector, is one of the major concerns. The National Policy for Farmers, 2007 has envisaged focusing more on the economic wellbeing of the farmers, rather than just on production. The average size of land holding in the State is less than 1.5 ha and small and marginal farmers constitute about 83% of the farming community. Huge gaps in yield potential and the technology

transfer provide an excellent opportunity to the State to increase productivity and production substantially.

Orissa's productivity norms are comparatively low, due to dearth of irrigation, inputs and insufficient investments by the farmers, outdated agronomic practices and want of proper marketing facilities.

More public investment in agriculture is the present requirement as private investment in agriculture would take time because of the slow evolution of appropriate policies. Investment can spur up the productivity and capital formation which is very crucial to the agriculture sector.

Accelerated investment is needed to facilitate agricultural development. This would lead agriculture sector on a better path and resurrecting its importance across the sectors will go a long way in making farming a respectable profession.

### **Results and Findings**

The major findings and suggestions of this paper is based on three issues related to irrigation, agricultural credit and agricultural marketing. Achievements of the State government on these heads and progressive measures taken to address the challenges of inclusiveness. An inclusive and comprehensive interventionary approach with a focus on small and marginal farmers is streamlined in followed contents.

### **Irrigation**

Irrigation plays a significant role in increasing the yield from the land. Non availability of timely and adequate water for irrigation is now becoming a serious constraint in achieving higher productivity and stability of farming. The state is blessed with abundant water resources & extensive network of rivers & streams. For effective utilization & management of water resources, river basin plans for all the eleven river basins of the state have been prepared and steps are being taken to set up River Basin Organization.

The state is blessed with abundant water resources & extensive network of rivers & streams. For effective utilization & management of water resources, river basin plans for all the eleven river basins of the state have been prepared and steps are being taken to set up River Basin Organization.

Irrigation is the main input of Agriculture without which agriculture cannot sustain its full growth. Irrigation Development not only correlates to agriculture but also to other Socio-Economic aspects like industry, navigation, hydropower, pisciculture, water supply etc. With this objective, top priority has all along been given in Five-Year Plans for irrigation development. During pre-plan period, 1.83lakh hectare of irrigation potential was created. Attempts have been made to achieve irrigation development in planned manner by implementing different schemes such as AIBP, RIDE, BKVY, RR&R, Bharat Nirman & RLAP Irrigation potential created is about 1.45 lakh.hact with 61,799PLIPs. Initiatives by Govt. of Orissa

### **Biju Krushka Vikash Yojana (BKVY)**

The scheme was launched by the State Government in the year 2001 with an objective to revive derelict projects and construction of new minor & irrigation projects through

people's participation. As per the scheme, the beneficiaries will contribute 10% of the capital cost of the project in schedule area & 20% of the capital cost in non-schedule areas. After completion of the project, the operation & maintenance will be entirely controlled by the beneficiaries and are exempted from payment of water tax to Government.

### **Pani Panchayat**

Adopting reform measures in irrigation sectors, participatory irrigation management (Pani Panchayat) programme has been taken up in mission mode approach and extended to all command area under major, medium and minor (Flow & lift) irrigation sector. Legal status has been provided to Pani Panchayat by enacting Pani Panchayat Act, 2002 & Pani Panchayat Rule, 2003. For better utilization of water resources, multi-sectoral development approach (flood control, drainage, irrigation) in river basin has planned. Two project proposals namely Mahanadi Basin Development Plan (MBDP) for Mahanadi Basin and Odisha Integrated Irrigated Agriculture & Water Management Project (OIWMP) for Baitarani, Budhabalanga and Subernarekha basins have been prepared. To provide irrigation facilities, at least to 35% of the cultivable land in every block in next five years, master plan is under process.

### **Agricultural credit**

Flow of credit through formal channels of banks and co-operatives into agriculture sector has been the prime focus of the State government to cater the special needs of small and marginal farmers. Increasing the spread and coverage of credit co-operatives to reduce the farmers suicide case due to charges of exorbitant interest rate by the private money lenders and also making farmers to less dependent on the informal sources of credit borrowings.

Government of Orissa has provided agricultural credit to the farmers at a cheaper rate of interest through the Cooperative Banks. The State Government is providing interest subvention support to the banks to enable them to finance crop loans to the farmers of the State at 5% interest rate.

### **Agricultural marketing**

Over the years the major reason and concern of farmers distress has been the existing malpractices in agricultural marketing, which prevents them to fetch good return of their produces. Selling of produces by farmers at appropriate price gives them the much required inducement to stay in the farming to produce sufficient amount of marketable produce.

Farmers are deprived of accessing regulated markets due to presence of less number of regulated markets in distant places from the farm land situated in village area. The major bottleneck and flaws in State's agricultural marketing is the absence of institutional mechanism and framework to rope in small and marginal farmers into a formal channel of supply. State government has amended Orissa State Agricultural Produce Marketing Act 2006 to ensure establishment of private markets and practice of contract farming to inject more vibrancy in marketing of agricultural produce. Most

urgent attention this farming community needs is to protect their interest by ensuring them justifiable price of their produce.

It has been decided that for the benefit of farmers, Market Yards will be established under the RMCs within the next three years covering all the 118 Blocks in the State which do not have Market Yards so far. Physical linkage of production centres to the markets by rural link roads shall be taken up in a phased manner to ensure that the farmers' produce can reach the markets

### **Farm Mechanization**

Farm Mechanization brings a significant improvement in agricultural productivity in a number of ways. The timeliness of various agricultural operations is crucial in obtaining optimal yield, which is possible only through mechanization. Technical know-how will be provided to the farmers about appropriate farm machineries suitable for their situation.

### **Research and training**

State government should increase the funding for better research taking the climatic condition and soil quality of different areas into condition. The gap between scientific "know-how" and field level "do-how" has been widening in the recent years. This knowledge/skill deficit needs to be overcome

speedily to enhance farm productivity and profitability. Training on agronomic practices, farm machinery, post-harvest management, food processing, etc. will be imparted to the farmers and the youths under Odisha State Employment Mission Society and National Rural Livelihood Mission.

### **Agro-Processing**

Setting up of agro-processing units in the producing areas to reduce wastage, especially of horticulture produce, increase value addition and creation of off-farm

employment in rural areas will be encouraged. Collaboration between the producer

co-operatives and the corporate sector will be encouraged to promote agro-processing industry. An inter-active coupling between technology, economy, environment and society will be promoted for speedy development of food and agro processing industries and build a substantial base for production of value added agro-products for domestic and export markets with a strong emphasis on food safety and quality. Orissa Food Processing Policy 2013 provides for rapid establishment of agro-processing units. Steps will be taken to ensure the synergy of two policies in promoting the food processing industries in the state in a big way.

### **Conclusion**

Rise in prices of agricultural produces in recent years has been a major cause of headache both for producing and consuming class. Because the presence of intermediaries takes away the major chunk of benefit by manipulating the market prices in their favour. Producers are sandwiched between rise in cost of production due to increasing prices of agricultural inputs and large presence of intermediaries while

consumers are too becomes the prey in the hands of those intermediaries who escalates the market price to pocket the maximum price benefit. As a result the most vulnerable sections are the small and marginal farmers who struggles to sustain their farming. Declining agricultural productivity is associated with the multitudes of problems farmers are facing in irrigation, credit, and marketing. An inclusive approach with timely intervention can save the farming community by reducing their farm related distress to a great extent.

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