Acta Scientific Agriculture

Volume 2 Issue 4 April 2018

Perspective

Accelerating Farm Income Growth in India: A Sustainable Development Perspective

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Received: February 26, 2018; **Published:** March 26, 2018

Between 1993-94 and 2015-16 aggregate farm income in real terms increased annually at 3.1 percent while per cultivator farm income increased annually at 3.4 percent, due to decline in the number of cultivators during this period. The first thought that strikes looking at these figures is that farmers' income growth was much lower than national income growth, which was about 6.7 percent on average, during this period. This is an important fact that cannot be taken lightly because it has major implications for overall development of the country. The recent initiatives of the government to double farmers' income by 2022 is thus a welcome step to correct imbalances in income growth in the country. According to estimates by Chand (2017) doubling real income of farmers between 2015-16 and 2022-23 requires annual growth of 10.41 percent, which is more than three times the annual income growth observed during 1993-94 and 2015-16. The main observation of the study is that Herculean efforts are required to double farmers' income by 2022, that is, much better outcomes in terms of technology and institutions are required than what has been observed in the past to achieve this target. The issue of sustainability cannot be ignored in this context.

The concept of "sustainable development", that is, development that "meets the needs of current generations without compromising the ability of future generations to meet their own needs" is pertinent in the context of accelerating farm income growth. Farm income depends crucially on the availability of arable land and water, both of which are in short supply. Between these two natural resources there is only potential for developing the water resource. However, for achieving the full potential of the water resource significant investments in infrastructure and energy are required. From a sustainability perspective energy consumption is a crucial aspect because some of the key agricultural inputs such as fertilizers, diesel and electricity are highly energy intensive. A study by Jha *et al.* (2012) has reported that energy input per hectare of net sown area increased by 7.2 percent annually between 1980-81 and 2006-07. This implies that the agricultural sector has become highly energy/fossil fuel intensive in recent years. This is clearly not desirable from a sustainability perspective and needs to be reversed in the future. Thus, apart from technology and institutions the resource angle needs to be looked at the context of accelerating farm income in the country.

Another crucial aspect in the context of accelerating farm income growth is the role of the non-farm sector in the rural economy. There has been 2 percent annual decline in the agricultural workforce (cultivators and agricultural labour) between 2004-05 and 2011-12, which is encouraging from the perspectives of reducing underemployment in agriculture and boosting non-farm income and employment. These trends should continue in the future as the non-farm sector provides 2.76 times more productive employment than the farm sector. In recent years employment growth in the rural sector was propelled by construction, trade, transport and business services and this momentum must be maintained. With economic development the role of manufacturing must also increase in the rural sector. Thus boosting non-farm income is crucial for accelerating rural income and reducing income inequities.

In conclusion the focus should be on boosting rural income sustainably rather than farmers' income unsustainably due to the increasing scarcity/costs of natural resources and the declining ability of the farm sector to generate adequate income and employment.

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