

Impact of Demonetization on Indian Farmer – A Review

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SUMMARY

As we all know that people engaged in the Farming activities are 70% of total population of India, rural households depend on agriculture as their principal means of livelihood agriculture along with fisheries and forestry, accounts for one third of the nation's and many of them are not literate also they cannot afford major change in the market due to the traditional working and business practices farmers already suffering and facing problem from the natural calamities and market fluctuations and exploitation from the middleman and now a day's new elected government declared that 500 and 1000 rupees notes are not a legal tender, it like removal of blood from the human body. How it is getting circulated? How bodies get the functioning? Human body get anemic and like that economy also get anemic due to insufficient flow of materialistic currency. Majority people (51%) are thinking that demonetization helped in curbing black money but in small amount where as 10% think that it was largely helpful. People admitted that demonetization was not much successful in reducing corruption, checking terrorist and naxalite activities and for moving towards cashless economy. But demonetization was successful in reducing fake currency notes. Common people think that objective of demonetization was good but implementation was poor. Nevertheless majority people think that demonetization will have positive impact on India's progress.

INTRODUCTION

Indian economy is based on agriculture. About 70% of Indian population directly or indirectly depends upon agriculture. Indian economy is very much dependent on agriculture for the following reason, Largest contribution in national income, Largest employment providing sector. Nearly 52.1% of working population is in agricultural sector. Source of industrial development: Industries get basic raw materials from agriculture like textile, sugar, oil processing etc. Development of tertiary sector also happens because of growth of agriculture and industry. Tertiary sector provides helpful services to agriculture and industry like banking, warehousing etc. Contribution in foreign trade: Agriculture plays an important role in international trade. Jute Tea Coffee and Spices are the well known country's export and International importance: India is the largest producer of coconuts, mangoes, bananas, milk and dairy products.

Problems of Indian agriculture:

Despite many importance of agricultural sector, growth of Indian agriculture is estimated 4.6% during financial year 2013-14. The growth target for agriculture in the 12th five year plan remains at 4%. Share of agriculture in national income also came down from 54% (1950) to nearly 13 % (2016).

There are three different factors creating problem in Indian agricultural economy as one Environmental problem: The most serious problem is the erratic nature of the monsoon. Temperature remains high throughout the year. There is deficiency in rainfall and regional distribution is not symmetrical. Irrigation also not sufficient in rural area covers only 33% of

cultivated area in India. Drought and flood are very common phenomenon in this region. Secondly Economical factor: In rural sector farmers are very poor and not able to buy expensive modern agricultural equipments. They depend on money lenders because there are so many formalities to get a loan from bank. After independence land reform was also not successful due to lack of strong political will. Third Social factor: There is massive underemployment in the agricultural sector in the non irrigated area. In these sector there is seasonal unemployment ranging from 4 to 8 month. Lack of education of common people in village areas giving rise to growth of village money lenders who are charging much higher interest rate than banks.

Problem faced by agriculture after Demonetization :

1. Agricultural economy is labour intensive absorbing 70% of employment contributing 50% to GDP. Cash transaction dominates agricultural society. So Black money is quite common in rural areas. After demonetization farmers were unable to sell their goods as consumer had lack of cash. A farmer depends mostly on village money lenders for liquid cash which is also stopped. Rural consumer spends have contracted from a growth of 12% in 2015 to 10.9% in 2016.
2. Job losses, fall in farm income, social disruption especially in cash intensive sector.
3. In service sector in rural areas, sellers did not able to sell their product because of cash crunch .At the same time they were not getting raw materials for providing the service. For example, cobbler who is selling footwear in rural areas did not able not sell their product because of cash crunch, at the same time they were not getting essential raw material such as leather as card is not common in rural economy even if cash transaction stopped.
4. Transport operator who are taking cash only for giving transport facility which is only way of movement of raw material and finished product were also stopped their operation.
5. In rural areas there are so many banks having many branches.38 % of total branches are present in rural segment. So the problem is not infrastructure but the blockage caused by inability of banks to deliver cash in adequate quantities and denomination on time.

CONCLUSION

Problems of loss in consumption due to several problem common in agricultural economy can't be solved only by demonetization. Only black money can be controlled with the help of demonetization. Decrease in crop production in rural sector can best be tackle by the higher agricultural credit will improve the safety net and hopefully catalyse rural spending. Companies with strong rural presence will get benefit if agricultural output increases. If farmers get cheap easy credit from financial institution they will not depend upon village money lender and will not be trapped in high debt. Agricultural Insurance Indian farmers are suffering from huge loss during natural calamities which can be tackling effectively by agricultural insurance. Insurance is the one of the best way to protect the farmers from such damage. By paying insurance premium farmers can recover their loss from damage in natural calamities. In rural sector it is very critical to make investment in road transport and airways for reducing cost of movement of goods and people. It will improve the economy's overall competitiveness and growth and will increase capacity utilisation.

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