

“CONTEMPORARY GLOBAL CHALLENGES IN INDIAN AGRICULTURAL ECONOMY”

Prof. Dr. Tupe B.G.

Assistant Professor, R.B.N.B. College, Autonomous, Srirampur

Article Info	ABSTRACT
Article History: Received: 20th February 2026 Accepted: 01st March 2026 Published: 07th March 2026 Keywords: <i>Agricultural crops, pricing, management</i>	The agriculture sector remains a cornerstone of India's economy, significantly contributing to its overall development. It serves as the primary source of livelihood for a substantial portion of the population. Recent data (as of 2023–2025) indicates that approximately 45–46% of the workforce is engaged in agriculture and allied activities, although older estimates often cited higher figures around 70%. This study, based on an extensive literature review, explores the historical evolution and key features of Indian agriculture, its gradual shift from subsistence-based traditional farming to more market-oriented commercial practices, and the persistent challenges it encounters. The paper also examines the environmental consequences linked to the adoption of modern farming techniques. Furthermore, it highlights major developmental obstacles affecting the agricultural sector in India and other developing countries, including limited education, weak socioeconomic conditions, inadequate technical expertise, fragmented landholdings, low per capita earnings, insufficient infrastructure, cumbersome administrative processes, elevated production costs, vulnerability to natural calamities, and environmental damage caused by human activities—all of which hinder the advancement of efficient and sustainable farming systems.

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INTRODUCTION

Agriculture stands as the largest employment-providing sector in India, surpassing even the industrial sector in terms of workforce absorption. It continues to play a vital role in driving the nation's economic progress. India's agricultural trade has shown impressive growth rates globally in recent years.

Despite variations in reported statistics, the sector remains crucial for the economy. This paper, drawing from a comprehensive review of existing literature, aims to trace the historical background and defining traits of Indian agriculture, analyse its transformation toward commercialization, and identify the major difficulties it faces. The discussion also covers the implications of contemporary agricultural methods on environmental sustainability. Key issues addressed include educational shortcomings, socioeconomic vulnerabilities, lack of awareness and technical skills, small and fragmented land parcels, low incomes, inadequate infrastructure, bureaucratic inefficiencies, high input costs, weather uncertainties, natural disasters, and ecological degradation resulting from intensified farming practices.

OBJECTIVES OF THE STUDY

1. To examine the structure of the agriculture sector and its associated challenges.
2. To identify the core obstacles faced by the sector and propose practical solutions.
3. To assess the financial requirements of the agricultural industry.
4. To investigate the factors contributing to rising rural debt levels.
5. To evaluate the infrastructure needs for enhancing the agricultural sector.

RESEARCH METHODOLOGY

This study relies primarily on the latest available secondary data sourced from published materials. The secondary sources include annual reports from major banks, industry survey publications from reputed business magazines, standard reference books on agriculture, the Indian economy, e-commerce, digital banking, marketing, finance, commerce, and management. Additional information has been gathered from national and international peer-reviewed journals in the fields of commerce, management, marketing, and finance.

Relevant literature was collected through visits to libraries and by accessing credible online resources, websites, books, and periodicals to support the objectives and provide a thorough review of existing research on the subject.

PRESENT AGRARIAN CRISIS IN INDIA:

Form the last few years was a notable slowdown in the world economy. The developed countries are facing the recession. The USA, Britain and other developed economies have drastically affected. These developed countries are caught in the clutches of slowdown. But this situation India still hasn't more affected. The other sectors are achieving satisfactory growth rate. But unfortunately, agriculture sector is facing critical condition. The inputs cost is ever increasing, labour charges is increasing, but produces (output) price not met to the producer properly, Government policies are not favourable to Indian farmers, electricity problems are there, unfair market conditions, and inadequate credit supply, are the factors has led to the present crisis in the agriculture sector.

1. Decreasing share of Agriculture in the National Income:

The agriculture sector is a major contributor in the National Income. But unfortunately, this share is ever decreasing. During 1950-51 this share was 56%. After one-decade during 1960 it comes down to 47.80%, During the year 2000-01, 26%. The shares of agriculture in the National income in the year 2006-07 come down to only 20%.

2. Decreasing the growth rate of agriculture sector;

The growth rate of Indian economy is satisfactory in the other sectors (compound growth rate) but the growth rate of agriculture sector is frequently decreasing. At presently the developed countries are facing the critical situation and are affected due to the present slow down. But in the Indian economy other sectors are achieving the constant growth rate. But the agriculture growth rate is decreasing and facing the very critical situation. During 1990-2008 the nation's compound growth rate was 6.4% and the growth rate of farming sector was only 2.8% (2006-07) when the compound growth is increasing and the agriculture growth rate decreasing Growth rate of Agriculture sector.

Sr. No.	Year	Compound growth rate %	Agriculture growth rate %
1	1980	5.6	4.4
2	1990	5.7	3.2
4	2000	6.9	2.5
5	2010	6.0	1.0
6	2024	7.6	3.1

(Source; "Farmers suicides& challenges before agriculture" report by Dr. Narendra Jadhav, p.41, july,2008)

It is seen from the above the above table that the growth rate of agriculture sector is frequently. But the compound growth rate is increasing. During 1080s the agriculture growth rate was 4.4%, it was near about compound growth rate. To 2006-07, it has come down to only 2.5% and the agriculture growth rate was only 1%. 2024-25 Indian growth rate 7.4 % and agriculture growth rate 3.1%.

3. Decreasing the farm size of operational farming:

Size of farm holding is one of the crucial elements to determine the earning of farmers and the efficiency of the farm unit. The relationship of productivity and production expenditure is dependent on the size. According to prof. Amartya K. Sen, "An inverse relationship between the size of the farm and productivity is higher in small size rather than farms. A.P. Rao has concluded that, 'productivity remained constant over all holding sizes in all the villages which indicates that holding size has no effect on productivity'

4. Increasing the population pressure on agriculture:

Maharashtra state is second ranked in population in India, which facing a critical agricultural crisis. It has clear that the population is so ever-increasing year after year. During 1951, (First census) the Indian population was 36.11 crore, and the population of the state of Maharashtra in the same period was 9.69 crore. But operational land not increased compared to the population. Because land is the natural resources and remained constant. we can enhance the irrigation land but not cultivate land.

5. Decreasing the capital investment in Agriculture sector:

During first plan total investment was Rs. 1960 crore while in agriculture it was 31% i.e. 600 crores, and then all other plans have declined this share to 20%, in the 11th plan only 18% has been provided i.e. Only Rs.614105 crore out of Rs. 3644718 crores. If this gap is calculated as per first plan than near about Rs. 93000 crore differences will be done. From this phenomenon it is clear that the government has neglected agriculture sector to invest more funds.

6. Insufficient use of inputs (Fertilizers, power, water act.):

The Indian farmers used the insufficient inputs in the cropping. This is very low compared to other country. This use of inputs is necessary to improve the productivity of land. These inputs are the major factors in the agriculture business. These inputs include seeds, fertilizers, pesticides, water irrigation, electricity. Etc. the cost of such inputs is higher than output, and always increasing the cost, this is this is the major issue in front of Indian farmers.

7. Lack of Irrigation facilities:

Irrigation is the most essential input or need for increasing the productivity of agricultural land. Indian agriculture largely depends on monsoon, about 41% irrigated land is available in India. But in the Maharashtra only 17% land is irrigated. So, the state of Maharashtra is the lowest in the irrigation facilities and other state has a tremendous source of irrigation facilities. Punjab state is having 96.6% land under irrigation. But due to the cost (input cost) of production and over capitalization, the farmers of Punjab are facing the critical situation and increasing the indebtedness, consequently from Punjab also, farmers are committing suicides. As the same way from other state due to increasing the cost of production and input cost, farmer is caught in the clutches of indebtedness. The situation in Maharashtra is quite different. The farmers are not meeting the production due to the vagaries of monsoon, and due to the lack of irrigation facilities, availability of inputs, lack of proper credit supply etc.

8. Productivity of land is lower:

productivity of land is most important factor which is directly related to increase in the income of farmer According to prof. Amartya Sen. "productivity depends on the size of land, if size of land holding increase, the productivity has increase, but the landholding size in India is very small, at present only 1.34 (NSS 48th rounds, 2008) per capita hector.

9. Insufficient credit supply by Institutional source:

Credit is the most important to carry on any types of business. Agriculture is one of the important of Indian people. However, the underdeveloped and developing countries are always facing many problems in the flow of agriculture development. While the Indian farmers are always facing insufficient.

10. Influence of non-institutional credit supply:

It is the most important feature of Indian farming business that is always caught in the hand of money lenders. Which is the source credit by non-institutional credit source. Non- institutional sources are the traditional credit source, which influenced and dominant over the Indian agriculture system for the beginning. This source is easily available but charge heavy rate of interest and exploit the poor and needy farmers.

11. Increasing the indebtedness of the rural sector:

Indebtedness is the critical and basic issue of Indian farmers from beginning. Indian farmers are always facing the financial problems. Due to the poorness and insufficient income, they need to borrow the credit from various credit sources. Therefore, due to the insufficient production and income, they are unable to repay the credit /loan amount within the contact period. They become defaulters and credit amount or unpaid loan amount increase gradually. But in every season, they again required financial help, they resort to other sources and lastly become unable to repay it. And increase the indebtedness. Every farmer has the same problem which makes them handicapped for the further agricultural development. In the last decade this problem becomes very critical issue extending to farmer suicides. Farmer suicides are emerging from the several parts of the country. Particularly from Marathwada and Vidarbha region of Maharashtra, behind these suicide incidences major cause was indebtedness. According to National Sample Survey 2003. There was average Rs 12585, loan on per house-hold. In short indebtedness is the chronic and critical issue before the government and the policy makers. And All India credit policy. It is the prime cause of agricultural crisis before the Indian farming sector and the government.

MAJOR FINDING:

1. Every Farmer use in soil and water testing and result has been achieved double yield and improve productivity.
2. The growing complexity a modern agriculture institution plays a crucial role for sustained rapid growth of agriculture a strong financial institution setup agriculture sector.
3. Infrastructural development has a wide potential for speedy development of dry land agriculture in India.
4. Drip Irrigation technology use in crops saves water.
5. Use the Application of biotechnology is in developing seeds that provide higher yields at a lower cost.
6. Farmer use in formulations communication technology.
7. Government provides the facility of transport.
8. Price protection for farmers.
9. Development of National Agricultural resource scheme.
10. Capital inflow and assured markets for crop production.
11. High priority to development of animal husbandry, poultry and agriculture.

CONCLUSION:

Agriculture is one of the most important and priority sectors which provide the employment to the people of rural India this sector is catering the foods to whole country. But insufficient productivity this sector is facings the critical challenge.

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