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IMPACT OF DEMONITIZATION ON AGRICULTURAL SECTOR IN RANGA REDDY DISTRICT

Author Name: B. Saritha Redd
Track : Demonetisation
Designation : Assistant Professor
Affiliation : Aristotle P G College
Contact No : 9505424512
E Mail: Baddamsaritha80@Gmail.Com

ABSTRACT

This study is about the impact of Demonetization in agriculture sector on Ranga reddy district. The day 8 Nov 2016 Indian government had launched Demonetization plan to drive a great success in drawing out tax dodgers and eliminating graft. The objective of demonetization is to make less cash dependent, shrink the black economy, reduce corruption and boost growth. This study involves an effect of demonetization on agriculture sector how a farmer had faced a challenges in Ranga reddy district before and after demonetization.

BY the cash crunch a farmer is unable to buy the seeds or pesticides even having a good rainfall in the season.

By the demonetization each and every farmer had faced a severe problem in cropping. We can proudly say farmer is a backbone of the India if the farmer is good the country become good and the economy become good.

This situation had mostly influenced the agricultural sector. public banks and private banks had raised up their hands for providing the agricultural loans. Most of the farmers of India are based on the bank loans because low rate of interest are providing by government to the farmers. The other impact is cropping is majorly impacted due to non supply of seeds. A farmer is unable to buy food grains, pulse grains, fertilizers, pesticides etc.

After demonetization the price levels are decreased for cotton, food grains, vegetables, fruits, flowers due to no exchange of money. The import and export of the above items are totally constant for the period. The farmer has lossed for certain period due to no sales in the market

most of the materials had thrown in the garbage. Each and every sector of agriculture has clearly impacted by the demonetization.

Farmers doesn't have any point of sales machine for making a cashless transactions for the the agricultural products most of the farmers are illiterate and the government had failed in creating a awareness about the cashless transactions to the farmers. This had made the prices of any agriculture product from rs 10 to rs 5 half the value had reduced within in short span of time.

This study is going to show how the increase or decrease of agricultural sector after demonetization. The information gathered from the newspapers, internet and agricultural data.

INTRODUCTION

Prime Minister of India Narendra Modi announced the demonetization in an unscheduled live televised address on Nov 8 2016. The Reserve Bank of India stipulated a window of fifty days until 30 December 2016 to deposit the demonetized banknotes as credit in bank accounts. The demonetized Rs 500 and Rs 1,000 notes accounted for over 86 per cent of the total value of banknotes in circulation as on March 31, 2016, according to Reserve Bank of India's latest annual report. Due to the sudden decision, many sectors of the economy suffered badly. Transactions in the Indian agriculture sector were heavily dependent on cash and were adversely affected by the demonetization. Due to scarcity of the new banknotes, many farmers

had insufficient cash to purchase seeds, fertilizers and pesticides needed for the plantation of rabi crops usually sown around mid-November. As majority of the farmers are not digitally educated so they were unable to do digital transactions which impacted the slowdown in agriculture.

ABOUT AGRICULTURE

Agriculture is the main occupation of population it is the backbone of our economy and it plays a pivotal role and the better performance of this sector is vital for inclusive growth. Sustainable and economical crop production in the life line of a farmer, who strides his energy not only for his livelihood but also for the survival of the non farming community. But the growth of agriculture in Ranga Reddy district is facing a lot of problems due to various

causes like technical and natural problems. Most of the farmers in Ranga Reddy district are illiterate. They are untrained and inefficient to boost up the agriculture productivity on the other side the health of the farmers is improper due to rural backwardness. Agriculture credit facilities are not sufficient in Ranga Reddy district rate of interest on agriculture credit is high and loan is not provided in time about 60% poor borrow from land lords at very high rate of interest sometimes farmers receive low prices of their crops. There is no proper effective price policy of government. It should set reasonable price of agriculture production to develop the living standard of farmers or else the government should sanction subsidies where ever required agriculture loans are available for a multitude of farming purposes .farmers may apply for loans to buy inputs for the cultivation of food crops.

ABOUT RANGA REDDY DISTRICT

Ranga Reddy district, formerly known as K V Ranga Reddy district and Hyderabad district in the state of Telangana. It was formed on 15th august 1978 when it was split from Hyderabad district. Ranga Reddy is the biggest district in telangana

state by population which is 5296396.it is divided into 33 mandals 293 panchayat 1694 villages. In this district male population exceeds the female population. The village of chilkur is a small village situated in the premises of himayath sagar lake of Ranga Reddy district. It is a religious site due o the presence of a large balaji temple at the place situated close to the sagar lake and is a famous tourist spot. The variety of soil makes it possible to grow a big range of crops in the district.about30%of the cropped area is irrigated in the district by wells, tanks, & irrigation projects.

OBJECTIVES

1. To study the impact of demonetization on agriculture sector
2. To study the difficulties faced by farmers in buying and selling their produce
3. To study diffulties faced by the farmers in loan repayments
4. To study the measures taken by the government to help farmers
5. To study the coping measures taken up by farmers effected due to demonetization

BASIC FACILITIES FOR AGRICULTURE

1. To create marketing opportunities for small and marginal farmers in cultivation of fruits, vegetables and flowers by formation of groups which included products storing and export
2. Establishment and maintenance of regulated markets in order to facilitate buying and selling of agriculture produce for the benefit of the farming community.
3. Grading of agricultural produce in the regulated markets and at farm holdings to help the producers to get remunerative prices for their produce.
4. To create awareness among the farmers about the benefits of grading, marketing value addition and processing their produce through regulated markets by taking up training, publicity and propaganda.
5. To set up agri export zones for promoting export of agriculture produce by increasing the area under exportable crops, providing necessary post harvest management and other infrastructure required and information on prices prevailing at international

markets as an intergrated approach through computer.

6. To set up modern cold storage facilities to enable the farmers to store and sell their produce at favorable price and to help consumers to get quality food products.

FARMERS LOAN STRUCTURE

The government of India disburses crop loan upto Rs 3,00,000 at the interest rate of 7% P .A and also provides interest subvention of 3%P A to prompt repaying farmers, this marketing available the crop loans to them at 4% P A. To bring more and more farmers within the institutional credit fold the government has extended this scheme to crop-loans borrowed by farmers from private sector scheduled commercial banks. Crop loans beyond Rs 3,00,000 are being disbursed by the banks at the rate of interest as per RBI and other conditions as approved by board of directors .no separate security is required for crop loan upto Rs 1,00,000 beyond Rs 1,00,000the security is decided by the individual bank in terms of RBI guidelines.

At present concession crop loan at 7% with interest rate subvention is available to farmers as pre-harvest loan .in

case of post- harvest loan against the negotiable warehouse receipts the farmers are granted loan at commercial rates.

CASH CROP

A cash crop is any crop that a farmer sells for money it is a farming venture in which cash crops are grown. Cash crops are those which are produced for the purpose of generating cash or money. But due to demonetization crop planning increased to 20-35% and remained higher than in all weeks after November 8th. But a lot depends on cash supply improving quickly in the New Year. Cash crops are distinguished from subsistence crops, which a farmer uses for the sustenance of his/her family cash crops were usually only a small part of a farms total yield. Especially in developed countries all crops are mainly grown for revenue and it attract demand in more developed nations and the farming methods employed differ from farmer to farmer and from country to country. In developing countries ,many traditional farmers continue to adopt their customary practices.

CASHLESS ECONOMY ON PRODUCTS

Cashless economy is the flow of cash within the economy in non-existent and all transactions have to be made through electronic channels such as credit and debit cards.

Due to demonetization farmers affected badly who are not acquainted with cashless transactions. Prices in consumer markets are higher, but in villages there were no buyers for farmer's harvested crop because traders are buying from farmers at 20-25% discount at normal price and paying in cheques but farmers have to pay in cash to their input dealers and labourers. If in case if farmers produce the products and that products are to be made available to everyone, the price of such products must come down, and the associated risks must be offset by spreading them across the entire population and there are number of hurdles in making a cashless economy.

EFFECTS OF DEMONETISATION

1. Effect on sown area :

On December 30th 2016 net sown area under rabi crops exceeded

the normal area by 2.77% and area sown last year by 6.86%.

The progress of sowing of rabi crops clearly indicates that there is absolutely no adverse effect of demonetization as far as sowing of major crops in concerned

2. Crop wise effect :

The progress in sown area remained uneven across regions and crops .wheat for 47%of total area in rabi crops shortfall of 41% in area at the time of demonetization. Major rabi crops growing states, overall shortfall in sown area is about 20%

3. Effect on productivity:

Farmers use cash to buy quality seeds, fertilizers, chemicals etc. farmers won't buy fresh seed in rabi season more than 70% seed used in rabi crops is self produced and rest is purchased from public sector agencies. Due to demonetization the major impact on productivity use at farm level faces the similar shortfall in fertilizer sales it will affect productivity.

4. Effect on prices:

Prices of maize and soya bean fall but paddy prices ruled higher than and there might be some delays in payment to the farmers due to cash crunch and it is difficult to ascertain how much falls in prices and it be due to any isruption due to demonetization.

5. Effect on output growth:

The growth rate in all the four sectors i.e crop, livestock, fishery and forestry up to 6.04%.the growth rate in farmers income is projected to be slightly lower due to drop in prices .the net effect of fall in prices on farmers income.

CONCLUSION:-

Sustainable and economical crop production is the life line for a farmer, who sheds his energy not only for his livelihood but also for the survival of the non farming community. It is therefore, the fundamental duty of the government to safeguard the interests of the farmer. In Rangareddy district agriculture has clearly effected by the demonetization due to substantial changes in the social, structural, productive and supply setups these changes have been accompanied by a decline in agricultural

production. Cash crunch and cashless transactions made the agriculture indifferent to the farmers. The government had failed in the agriculture sector in creating the remedies. Agriculture sector contribute more to economic prosperity of a country. The government must take necessary changes after Demonetization such as training sessions for farmers for digital transactions. Even having a good rainfall in the district farmer had unable to cultivate their land. Public banks are helping hands to the farmers but demonetization made to leave the hand to public. The govenament has to pre determinely take the necessary steps to recall the agriculture sector.

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